



# *Revs Your Heart*

Annual Report 2014

Year ended December 31, 2014



# Increasing Corporate Value Through Sustainable Growth

Yamaha Motor Co., Ltd. is a multinational enterprise with 140 consolidated subsidiaries and equity-method affiliates in 30 countries and regions, and about 90% of our consolidated net sales are derived from overseas markets. We operate global development, production and sales networks, and our products are sold in more than 200 countries and regions.

We have successfully diversified our business by capitalizing on our world-leading small engine, fiberglass-reinforced plastics and electronic control technologies. Today, our proprietary technologies extend to a wide variety of products, including motorcycles, marine products, power products and surface mounters.

We will move forward with restructuring and the transformation of our management base for continuous growth, to evolve Yamaha Motor into an excellent engineering, manufacturing and marketing enterprise, with a prominent presence in the global market.

## Corporate Mission

### *Kando*\* Creating Company

Offering new excitement and a more fulfilling life for people all over the world

Yamaha Motor strives to realize peoples' dreams with ingenuity and passion, and to always be a company people look to for the next exciting product or concept that provides exceptional value and deep satisfaction.

\*Kando is a Japanese word for the simultaneous feelings of deep satisfaction and intense excitement that we experience when we encounter something of exceptional value.

## Management Principles

### 1. Creating value that surpasses customer expectations

To continue to produce value that moves people, we must remain keenly aware of customer's evolving needs. We must strive to find success by always surpassing customer expectations with safe, high-quality products and services.

### 2. Establishing a corporate environment that fosters self-esteem

We must build a corporate culture that encourages enterprise and enhances corporate vitality. The focus will be on nurturing the creativity and ability of our employees, with an equitable system of evaluation and rewards.

### 3. Fulfilling social responsibilities globally

As a good corporate citizen, we act from a worldwide perspective and in accordance with global standards. We must conduct our corporate activities with concern for the environment and communities and fulfill our social responsibility with honesty and sincerity.

## Action Guidelines

### Acting with Speed

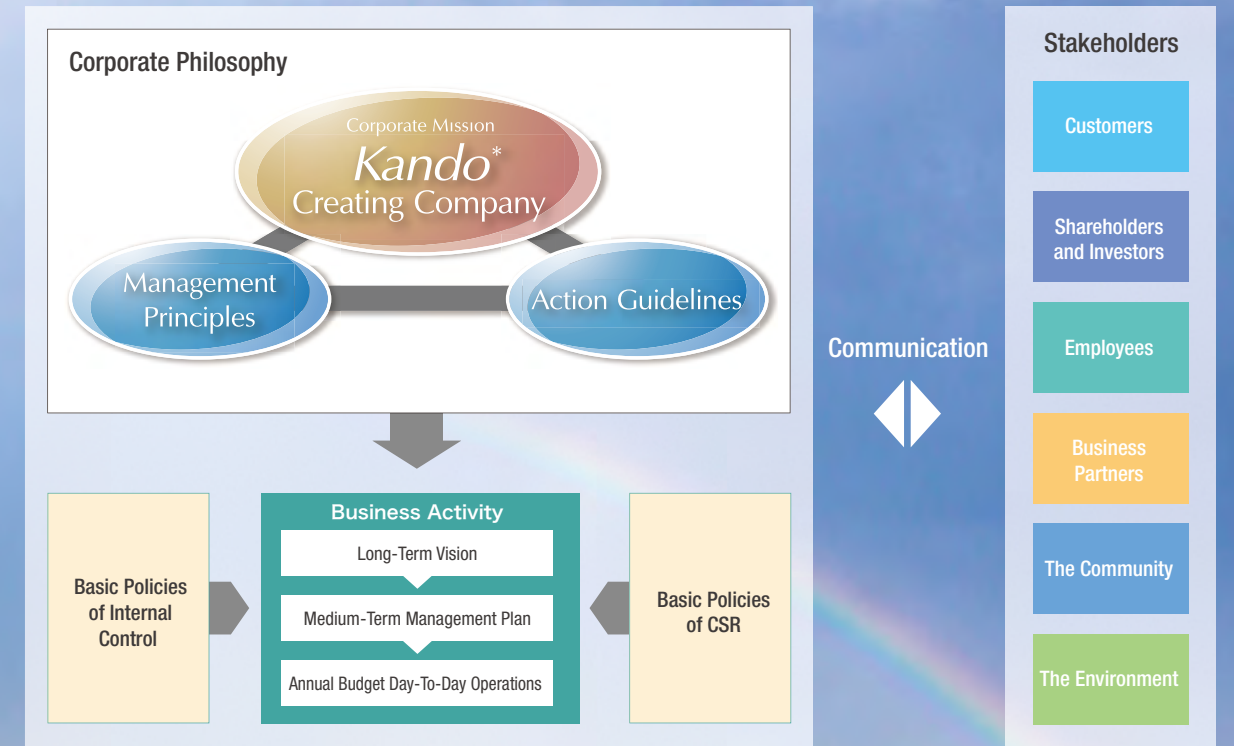
Meeting change with swift and informed action

### Spirit of Challenge

Courage to set higher goals without fear of failure

### Persistence

Working with tenacity to achieve desired results, and then evaluating them





Our Annual Report 2014 aims to provide a comprehensive overview of Yamaha Motor's activities during the fiscal year ended December 31, 2014, including management strategies and financial information, as well as corporate governance, corporate social responsibility (CSR), and other areas that form the foundation on which our business is built.

In addition to the printed version, we have also prepared an online version of this report. With both a printed and an online version, we hope to facilitate a better understanding of Yamaha Motor.

### Annual Report 2014 (Online Version)



An online version of this report is also available. Please visit the following website:  
<http://global.yamaha-motor.com/ir/annual2014/>

### Information for Investors



Please refer to the following website for detailed financial information and information regarding our business operations:  
<http://global.yamaha-motor.com/ir/>

### Information Related to Corporate Social Responsibility (CSR)



Please refer to the following website for detailed CSR information:  
<http://global.yamaha-motor.com/about/csr/>

## CONTENTS

Creating New Value—Tracing the Unique Style of Yamaha	3	<b>CORPORATE INFORMATION</b>	
To Our Stakeholders	12	Corporate Governance	64
SNAPSHOT	14	Directors, Audit & Supervisory Board Members, and Executive Officers	74
Company Overview	16	Comments from an Outside Director and Outside Audit & Supervisory Board Member	77
Financial Highlights	18	Organization	78
<b>Interview with the President</b>	20		
<b>GROWTH STRATEGY</b>		<b>Financial Section</b>	
1. A Growing World of Personal Mobility	36	Five-Year Summary	79
2. Marine Products Business:		Financial Data by Market	80
Competing in the 3-Trillion-Yen Global Marine Market	40	Management Discussion and Analysis of Operations	82
3. Commitment to Unique Versatility	44		
<b>CSR</b>		Investor Information	93
Customers	50		
Employees	52		
Shareholders and Investors	54		
Business Partners	55		
The Community	56		
The Environment	58		

#### Notice Regarding Forward-Looking Statements

Statements in this annual report, except for historical facts, are forward-looking statements about the future performance of the Company and its Group companies, which are based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forward-looking statements. Potential risks and uncertainties include, but are not limited to, general economic conditions in Yamaha Motor's major markets, changing consumer preferences, and currency exchange rate fluctuations.



**Creating New Value**  
 Tracing the Unique Style of Yamaha



# 発—GEN

Proposing original and innovative concepts



## 1955

Noted for its novel chestnut red tone, the YA-1—our first motorcycle—featured a distinctive design and engine that incorporated a number of concepts that embodied the unique style of Yamaha. The YA-1's strong finishes in races in Japan and overseas soon established Yamaha as a manufacturer of motorcycles.



## 2014

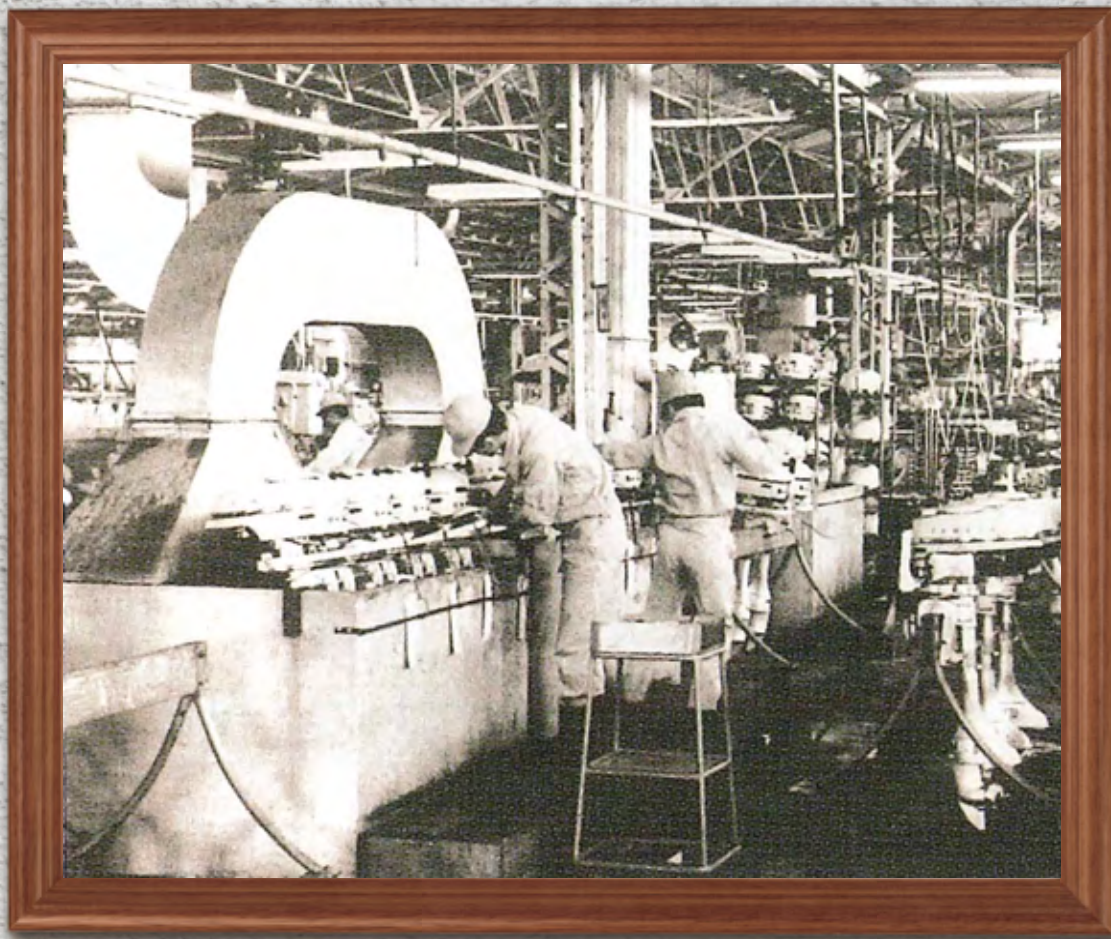
The TRICITY, our first LMW\*, offers mobility that combines the maneuverability of a conventional two-wheeled motorcycle with a new sense of excitement. This new concept model is set to attract new customer segments.

\* Leaning Multi-Wheel



# 悦·信—Play·Sure

Creating outstanding technologies to maximize pleasure and surety



## 1961

The P-3, our first product in the outboard motor market to earn major critical acclaim, was the result of a development process that included determined efforts to reflect the views of users. The P-3 earned a strong following not only for its ability to lessen physical demands on commercial fishermen but also for its outstanding starting performance.



## 2014

Yamaha's next-generation, high-performance and compact BLUE CORE engine delivers both the joy of riding and fuel efficiency and environmental performance. This engine emphasizes high combustion efficiency, excellent cooling performance and power loss reduction.



# 魅—S·EX·Y

Design that expresses “refined dynamism”



## 1958

Yamaha's YA-2 (125cc) motorcycle was the first motorcycle to win the Ministry of International Trade and Industry's\*1 Good Design Award. GK (Group of Koike), a group of students studying under Iwataro Koike, who at the time was an associate professor at the Tokyo National University of Fine Arts and Music,\*2 was responsible for the design.

\*1 Currently Ministry of Economy, Trade and Industry (METI)

\*2 Currently Tokyo University of the Arts



## 2014

Based on a “Speed Racer” design concept, the YZF-R1 conveys the horizontal image of a silhouette in pursuit of being the earth’s “fastest.” Expressing the essence of the incorporated YZR-M1 MotoGP machine technology, this completely new type of pure sports bike enables the rider to experience this concept firsthand.



# 結—Ties

Creating strong ties with customers that last a lifetime



## 1970

In the early 1970s, we began expanding into emerging markets. Since the beginning, our emphasis has been on not only providing highly reliable products but also training local service technicians, thus enabling us to tailor our after-sales services to local needs.



## 2014

Yamaha Motor began as a motorcycle manufacturer, but today the Yamaha brand is known in a range of fields. People around the world will continue to ride with us—a *Kando* Creating Company that offers new excitement and a more fulfilling life.





“Welcome to YAMAHA!”

「世界の人々に新たな感動と豊かな生活を提供すること」を企業目的として、人々の夢を知恵と情熱で叶え、つねに「次の感動」を期待される企業をめざすヤマハ発動機。お客様の期待に応え、価値を創造するヤマハ発動機の過去、現在、そして未来の一端をどうぞお楽しみください。

Our corporate mission at Yamaha is “Offering new excitement and fulfilling life to people around the world” and we strive to achieve it. We hope that you will enjoy the products of Yamaha Motor, a company that exceeds your expectations.

企业的目的，以不断为用户提供惊喜。请观赏。



**Hiroyuki Yanagi**  
President, Chief Executive Officer and Representative Director

**Takaaki Kimura**  
Executive Vice President and Representative Director

## To Our Stakeholders

Continuously pursuing the spirit of “Revs your Heart” to become an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market

The “Revs your Heart” brand slogan that Yamaha Motor introduced in 2013 is a shared goal of all of our employees at Group companies around the world. This means that we have a strong desire to surpass the expectations of everyone who comes into contact with Yamaha and deliver exceptional value and experiences that enrich the lives of our customers. To achieve this, it is important to discuss, think about and pursue the challenge of what it means to embody the unique style of Yamaha, in all of our roles from planning and development to manufacturing and sales.

In 2014, we rolled out unique new products that incorporate Yamaha’s exceptional originality, technology and design in markets around the world. We have also been working diligently at showrooms to create products with an impact that go above and beyond everyone’s expectations. These products

have proven popular with customers and have increased our market presence. For Yamaha Motor, this has been a year of truly realizing the spirit of “Revs your Heart” in markets around the world.

For the fiscal year ended December 2014, all businesses recorded year-on-year growth in operating income, ordinary income and net income.

In fiscal 2015, we will work to achieve maximum results under our current Medium-Term Management Plan (MTP) as we approach the next MTP. We will continue to aim to be an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market, and strive to further increase Yamaha Motor’s corporate value.

April 2015

**Hiroyuki Yanagi**  
President, Chief Executive Officer and Representative Director

**Takaaki Kimura**  
Executive Vice President and Representative Director



# SNAPSHOT

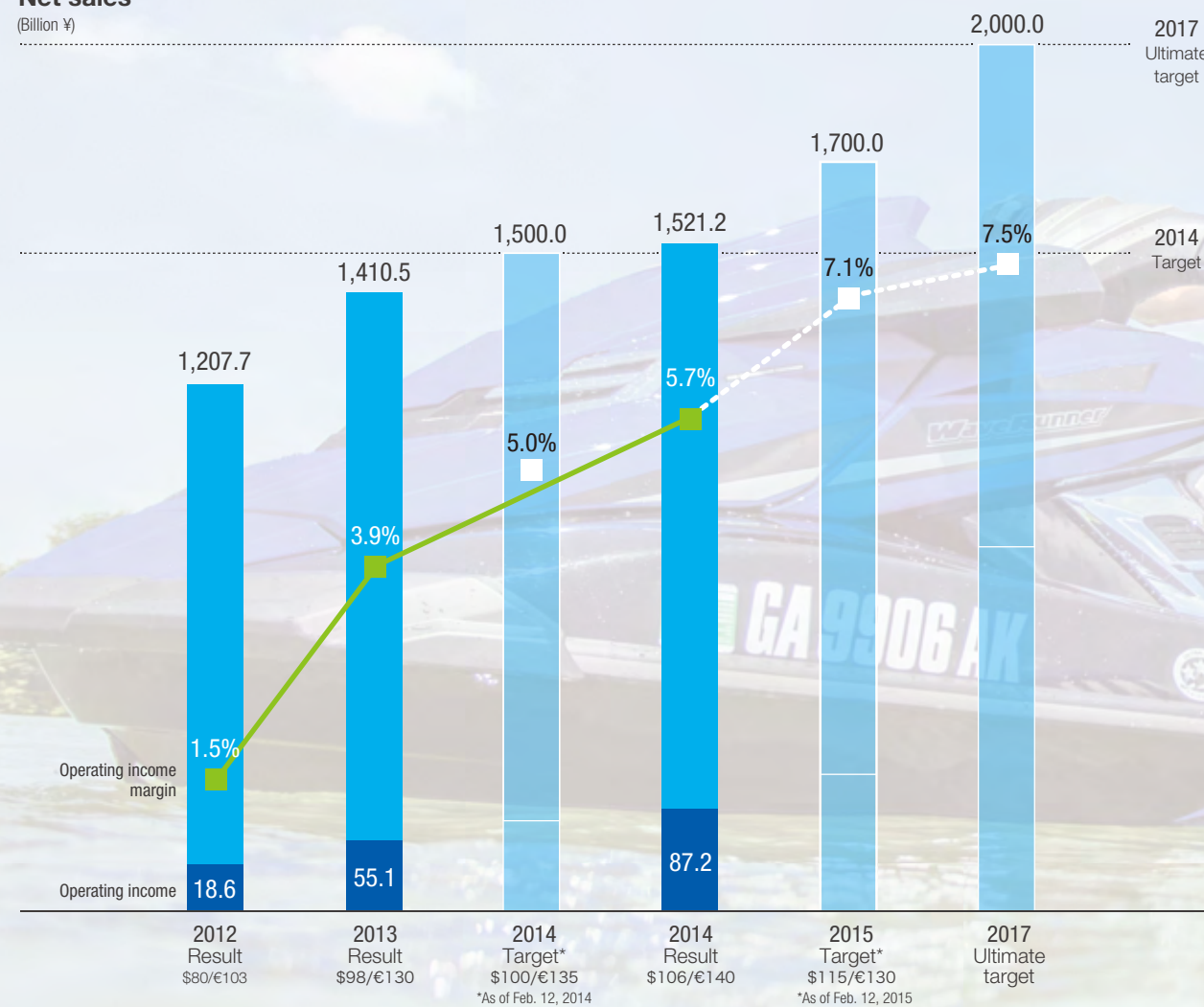
By reinforcing its business strategies, Yamaha Motor reached the targets set under its Medium-Term Management Plan (MTP).

## Medium-Term Management Plan: Management Targets

Sales and profit grew in all segments, on sales growth from an expanded product lineup and increased sales of higher-priced products. We are forecasting continued growth in consolidated sales and profit in all segments again in 2015, the final year of the current MTP.

### Net sales

(Billion ¥)

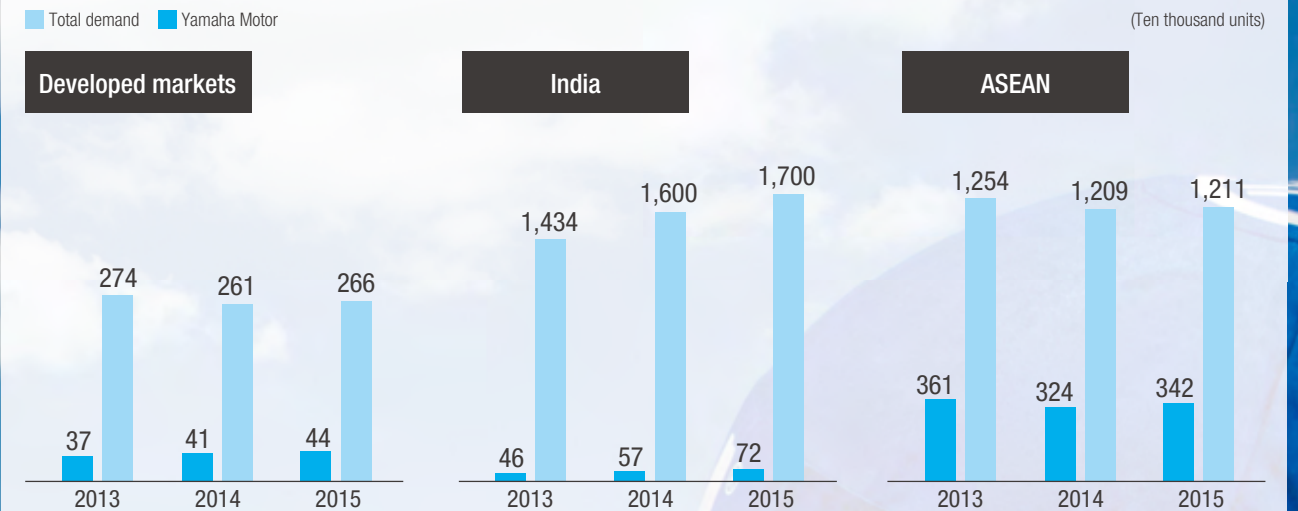


ROE	2.5%	12.7%	11.2%	16.2%	15.5%	15%
ROA	0.8%	4.2%	3.8%	5.6%	5.8%	5%
EPS	¥21	¥126	¥129	¥196	¥218	¥200 or more

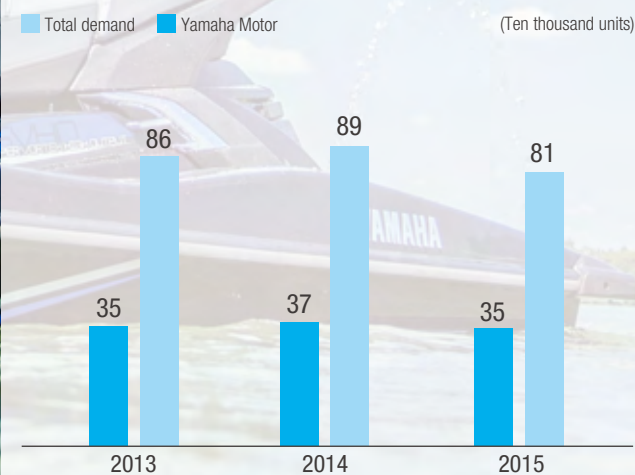
## Motorcycle Business

### Solid results in both developed and emerging markets

Unit sales in developed markets rose in 2014, as total demand bottomed out and new products were launched. In emerging markets, unit sales rose in India on an increase in total demand and new product introductions. ASEAN markets saw a decline in unit sales, however, owing to a drop in total demand ahead of new product launches. This resulted in a slight decline in overall unit sales.



## Marine Products Business



### Sales and profit growth in fiscal 2014

Progress was made in expanding the customer base and shifting the business model toward higher profitability by leveraging Yamaha's brand strength, including its comprehensive business capabilities, reliability and network.

## Cost Reduction Strategies

### Cost reductions of ¥14.4 billion in fiscal 2014 surpassed target

Cost reductions during fiscal 2014 totaled ¥14.4 billion, surpassing our target of ¥10.0 billion. We will continue to reduce costs during fiscal 2015, to achieve the targets set in the MTP.

## New Launches

### Launched unique, new products

Of the 250 new products scheduled for release by 2015, 63% were launched during 2013–2014, and we expect to reach 100% in 2015.





## Company Overview

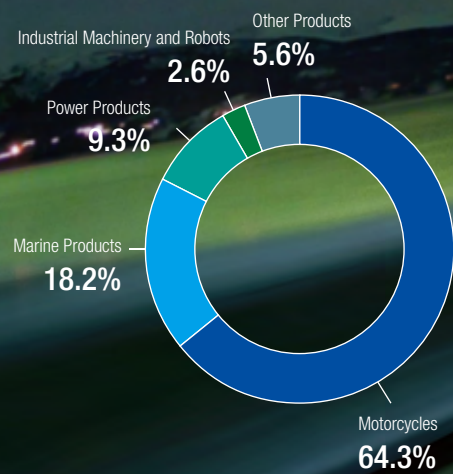
# PERFORMANCE

Based on our corporate mission of being a *Kando* Creating Company, Yamaha Motor is engaged in global development, production and sales to provide customers with a diverse range of products.

### Sales

**1,521.2**  
Billion ¥

#### % of Net Sales



#### Motorcycles



#### Sales

**977.6**  
Billion ¥

#### Major products:

Motorcycles, knockdown parts for overseas production and intermediate parts for products

#### Marine Products



#### Sales

**276.4**  
Billion ¥

#### Major products:

Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats

#### Power Products



#### Sales

**142.2**  
Billion ¥

#### Major products:

All-terrain vehicles, recreational off-highway vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines

#### Industrial Machinery and Robots



#### Sales

**38.9**  
Billion ¥

#### Major products:

Surface mounters, industrial robots and wheelchair electric power units

#### Other Products



#### Sales

**86.1**  
Billion ¥

#### Major products:

Automobile engines, automobile components, electrically power assisted bicycles and industrial-use unmanned helicopters

### Key Performance Data

#### 2014 Motorcycle Shipments

**5.80**  
Million units



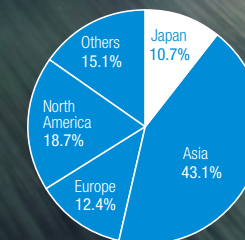
Yamaha Motor's engineering, manufacturing and marketing in markets around the world resulted in global unit sales of 5.80 million units in more than 180 countries and regions.

#### R&D Expenses

**84.5**  
Billion ¥

Each business proactively carries out research and development, and the ¥84.5 billion in research and development expenses recorded in 2014 marked an increase from 2013.

#### Overseas Sales Ratio



Overseas **89.3%**

Overseas sales in 2014 totaled ¥1,358.4 billion, accounting for 89.3% of total net sales.

#### Number of New Models to be Launched (2013–2015)

**250**  
Models

Yamaha Motor's businesses will launch a total of 250 new models during the three years from 2013 to 2015.

#### Marine Products Market Share

**No. 1**

The boat business had the largest share of the Japanese market and the No. 1 share of the global market for outboard motors and personal watercraft.



# Financial Highlights

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31

## POINT

Net sales grew 7.9% as a result of an increase in unit sales, owing to an expanded product lineup and an increase in the number of higher-priced products, coupled with yen depreciation versus developed market currencies.

Profit rose as a result of increased sales and yen depreciation in developed markets, and increased sales and cost reductions in emerging markets. As a result, operating income rose 58.2%, to ¥87.2 billion, achieving the current MTP target (¥80.0 billion in 2015) ahead of schedule. Ordinary income and net income both grew by wide margins as well.

	Millions of yen					% change
	2010	2011	2012	2013	2014	2014/2013
<b>For the year:</b>						
Net sales	¥1,294,131	¥1,276,159	¥1,207,675	¥1,410,472	<b>¥1,521,207</b>	7.9%
Gross profit	295,565	276,046	235,068	318,765	<b>372,849</b>	17.0
Operating income	51,308	53,405	18,598	55,137	<b>87,249</b>	58.2
Ordinary income	66,142	63,495	27,267	60,092	<b>97,279</b>	61.9
Net income	18,300	26,960	7,489	44,057	<b>68,452</b>	55.4
Net cash provided by (used in) operating activities	104,531	33,328	(2,385)	66,976	<b>93,618</b>	39.8
Net cash used in investing activities	(37,632)	(46,517)	(51,081)	(62,679)	<b>(72,470)</b>	15.6
Free cash flows	66,899	(13,189)	(53,466)	4,296	<b>21,148</b>	392.2
Net cash provided by (used in) financing activities	5,296	(51,927)	15,761	3,620	<b>(8,908)</b>	—
Capital expenditures	33,939	45,049	48,788	56,800	<b>65,871</b>	16.0
Depreciation expenses	36,594	33,578	34,278	36,407	<b>37,667</b>	3.5
<b>At year-end:</b>						
Total assets	¥ 978,343	¥ 900,420	¥ 962,329	¥1,146,591	<b>¥1,310,040</b>	14.3%
Net assets	310,809	309,914	341,561	422,792	<b>503,224</b>	19.0
Interest-bearing debt	322,443	274,721	326,976	382,929	<b>403,652</b>	5.4
<b>Ratios:</b>						
Operating income margin (%)	4.0	4.2	1.5	3.9	<b>5.7</b>	
Return on equity (%)	7.5	9.7	2.5	12.7	<b>16.2</b>	
Equity ratio (%)	28.0	31.2	32.0	33.5	<b>35.1</b>	
Price/earnings ratio (times)	23.8	12.6	44.2	12.5	<b>12.5</b>	
Debt/equity ratio (%)	117.6	97.8	106.2	99.7	<b>87.8</b>	

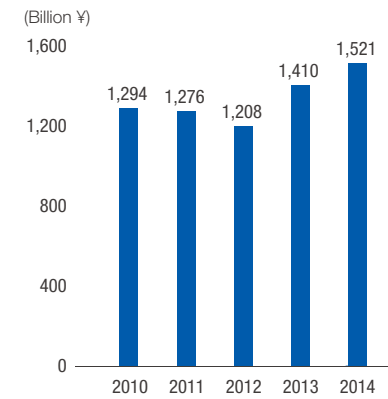
	Yen					% change
<b>Per share amounts:</b>						
Net income—basic	¥ 55.50	¥ 77.23	¥ 21.45	¥ 126.20	<b>¥ 196.06</b>	55.4%
Net income—diluted	55.50	77.23	—	126.20	<b>196.04</b>	55.3
Net assets	785.61	804.26	881.88	1,099.84	<b>1,316.58</b>	19.7
Cash dividends	0.00	15.50	10.00	26.00	<b>40.00</b>	53.8

	Millions of yen, except per share data					% change
<b>Share performance (at year-end):</b>						
Price per share (yen)	¥ 1,323	¥ 974	¥ 949	¥ 1,577	<b>¥ 2,442</b>	54.9%
Market capitalization	461,855	340,018	331,288	550,585	<b>852,683</b>	54.9

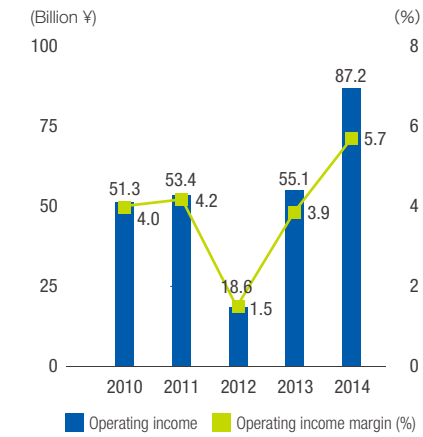
	Persons					% change
<b>Other data (at year-end):</b>						
Number of shareholders	31,615	32,259	32,873	29,474	<b>30,416</b>	3.2%
Number of employees	52,184	54,677	53,958	53,382	<b>52,662</b>	(1.3)

**Notes** • References to fiscal years are to 12-month periods commencing on January 1 and ending on December 31.  
• With regard to amounts stated in million yen units, amounts less than ¥1 million are truncated. For amounts stated in 0.1 billion or billion yen units, amounts less than ¥0.1 billion or ¥1 billion, respectively, are rounded off.

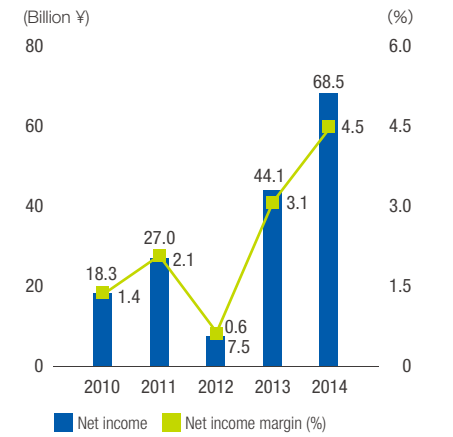
### Net sales



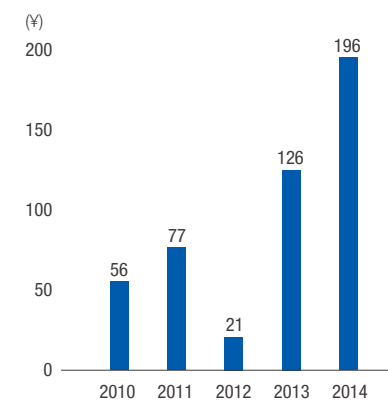
### Operating income and operating income margin



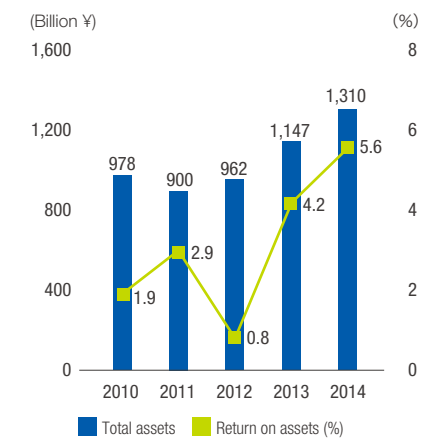
### Net income and net income margin



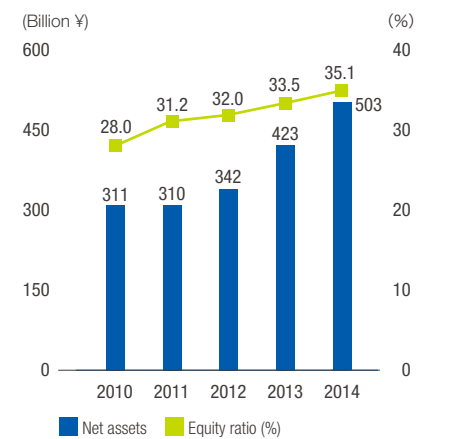
### Net income per share



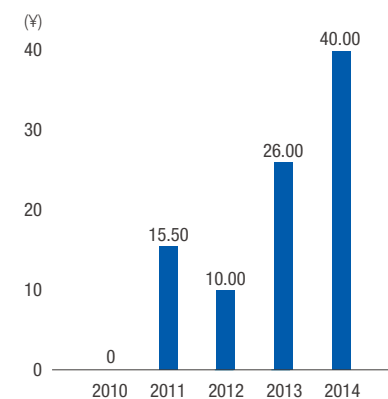
### Total assets and return on assets



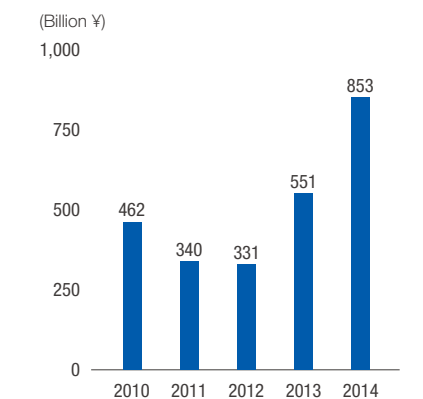
### Net assets and equity ratio



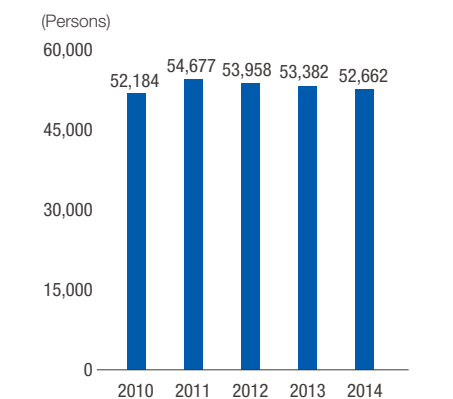
### Cash dividends per share



### Market capitalization



### Number of employees







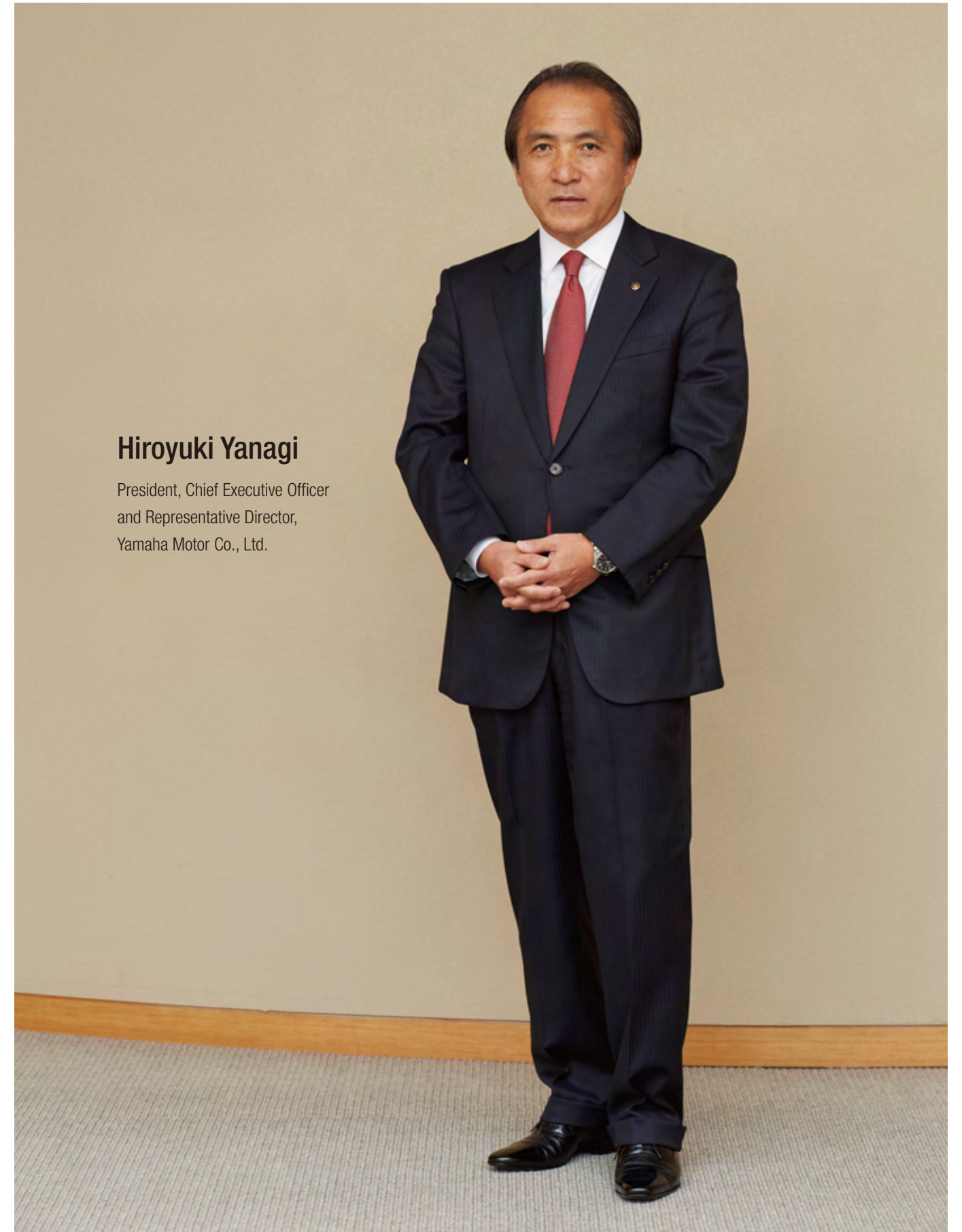
# Increasing Value Through Growth

## A Unique Company that Continues to Achieve Dynamic Milestones

Yamaha Motor achieved the target for operating income set forth in its current Medium-Term Management Plan in 2014, a year ahead of schedule. In this section, President and Chief Executive Officer Hiroyuki Yanagi summarizes the Yamaha Group's business results in fiscal 2014 and outlines growth strategies the Group will implement and management issues it will address in 2015 to further advance its performance as it works toward its ultimate target of consolidated net sales of ¥2,000 billion in 2017.

In the following interview, the President addresses these key issues:

- Can you give us an overview of business results in 2014, the second year of your Medium-Term Management Plan (MTP)?
- What factors led to increases in net sales and operating income in each of your business segments?
- Can you tell us about what sorts of initiatives the motorcycle business is promoting in developed markets?
- What steps is the motorcycle business taking in emerging markets?
- What can you tell us about initiatives in the marine business?
- How are efforts in other businesses progressing?
- What are you doing to foster new businesses?
- Can you describe what management challenges you anticipate in 2015, the final year of your current MTP?
- Can you tell us about your policy regarding returns to shareholders?
- What are your strategies for growth in the years ahead?
- In closing, is there anything in particular that you would like to communicate to stakeholders?



**Hiroyuki Yanagi**

President, Chief Executive Officer  
and Representative Director,  
Yamaha Motor Co., Ltd.



**Q1** Can you give us an overview of business results in 2014, the second year of your Medium-Term Management Plan (MTP)?

**We achieved our operating income target a year ahead of schedule.**

In 2014, global economic conditions remained uncertain, although signs of a rally were visible in developed markets, as stagnation endured in emerging markets.

In the United States, improvements in the employment situation and personal income levels continued to support a gradual revival. In contrast, Europe's recovery stumbled, as Greece's debt crisis reignited and currency instability persisted in Russia. In Japan, consumer spending fell, despite further yen depreciation and persistently high share prices, as a consequence of a hike in the country's consumption tax. Overall conditions in emerging markets reflected a lull in growth in the Association of Southeast Asian Nations (ASEAN) region, China and South America, although India's economy remained on the road to recovery.

In this environment, we promoted a variety of efforts in line with our MTP, formulated to guide our efforts from 2013 through 2015, with a focus on such considerations as greater product competitiveness, changes to *Monozukuri*\*, structural reforms and growth strategies. All business segments reported increases in net sales and operating income in fiscal 2014, the second year of the plan, as we achieved our operating income target for 2015—¥80.0 billion—a year ahead of schedule.

Net sales in 2014 rose 7.9%, or ¥110.7 billion, to ¥1,521.2 billion, bolstered by the expansion of our product lineup, increased sales of high-priced products and the declining value of the yen against the currencies of other developed markets. In addition to higher sales, the positive impact of yen depreciation surpassed the negative impact of elevated research and development (R&D) expenses, among others, in developed markets. In emerging markets, the favorable influence of cost reductions exceeded the detrimental influence of increases in procurement costs, among others, attributable to weak local currencies. Operating income climbed 58.2%, or ¥32.1 billion, to ¥87.2 billion, and ordinary income soared 61.9%, or ¥37.2 billion, to ¥97.3 billion. Net income, at ¥68.5 billion, was up 55.4%, or ¥24.4 billion.

As of December 31, 2014, our net debt-to-equity (D/E) ratio improved to 0.6 times, from 0.7 times at the same point a year earlier. The shareholders' equity ratio was also stable, slipping 1.6 percentage points to 35.1% from the end of 2013.

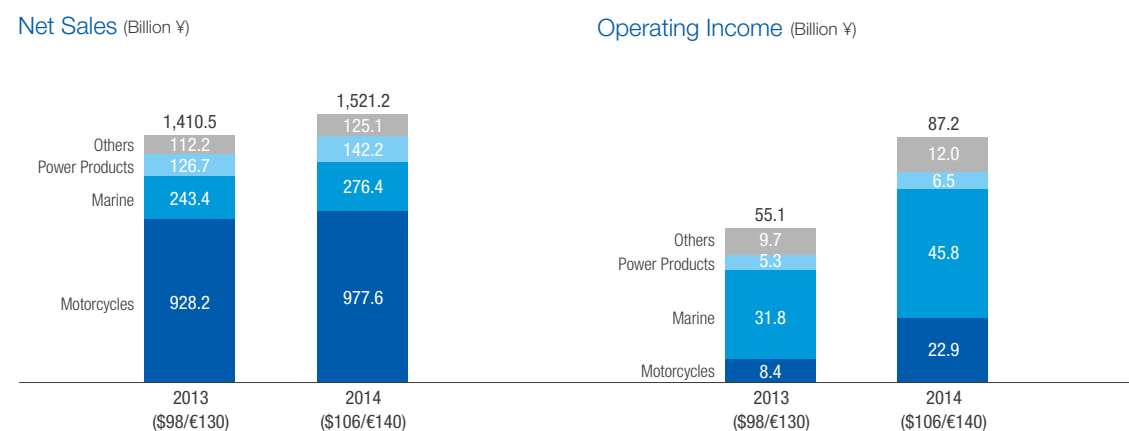
\* An approach to engineering, manufacturing and marketing products that emphasizes craftsmanship and excellence

**Details of Net Sales and Operating Income by Business (FY2014)**

**Achieve increases in sales and income in all business segments.**

→ **Motorcycles:** The effect of sales increases, cost reductions, and yen depreciation outweighed the effects of currency depreciation in emerging countries, resulting in income increase.

→ **Marine:** Income increased thanks to sales increases (introduction of larger engines, etc.), cost reductions, and the effect of yen depreciation.



**Q2** What factors led to increases in net sales and operating income in each of your business segments?

**Initiatives implemented in line with four key priorities began to yield solid results.**

**1. Launch unique new products**

One target of our current MTP is to launch 250 new products incorporating creativity, technologies and design excellence that embody the unique style of Yamaha in markets around the world. Our progress rate as of the end of 2014 was 63.0%, and we are confident that we will meet this target in 2015.

Customer reception of these new products has been favorable, enabling us to enhance our presence in crucial markets.

**2. Change our approach to *Monozukuri***

With efforts to develop products using a new approach that centers on engine, frame, functional component and exterior component platforms progressing, we began to bring new platform products to market. We also began to launch products planned and developed with the goal of expanding our focus beyond the ASEAN region to the global market.

Concurrently, we took steps to create a business foundation that will balance product appeal and cost considerations, as well as to trim purchasing costs through platform development and production and logistics costs through theoretical-value-based production.

**3. Press ahead with structural reforms**

We entered the final stage of an ongoing initiative intended to realign our domestic production configuration from 12 factories and 25 units at the end of 2009 to six factories and 13 units at the end of 2015. We also proceeded with efforts to restructure our operations in Europe from the current "One Company" format, under which organizational and operational functions are integrated into independent companies, to a "One Entity" format, wherein all functions are combined into a single entity.

**4. Implement strategies for future growth**

We continued to implement strategies directed at securing future growth. These included establishing new companies and preparing for the construction of plants with the aim of expanding our motorcycle business into Pakistan and Nigeria, augmenting our financing business in North America and developing new businesses.



**Q3** Can you tell us about what sorts of initiatives the motorcycle business is promoting in developed markets?

**Efforts are aimed at making the Yamaha brand even more attractive and at restoring profitability.**

In 2014, total demand for motorcycles in developed markets bottomed out after having fallen steadily since the global financial crisis. Against this backdrop, our shipments of motorcycles in developed markets rose 13.0%, to 414,000 units.

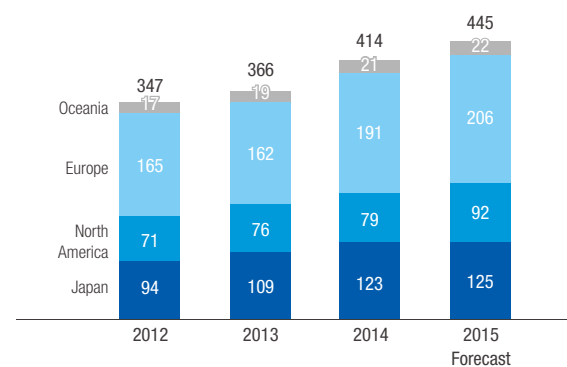
In the MT series, which has created a market segment unique to Yamaha, the MT-07 and MT-09 continued to garner rave reviews from customers worldwide. We also launched the next generation of our flagship R1 superbike, a vehicle that overwhelms with outstanding performance features, cutting-edge technologies and a stunning new design. Our exceptional MAX series of sports commuters, which includes the TMAX, XMAX and SMAX models, also continued to earn high marks in key markets.

With total demand expected to recover further in 2015, we forecast an increase in shipments in developed markets to 445,000 units. We will press ahead with efforts to launch unique new models with the aim of making the Yamaha brand even more attractive. We will also proceed with decisive structural reforms intended to restore the profitability of our motorcycle business in developed markets.

**Motorcycle Business: Developed Markets**

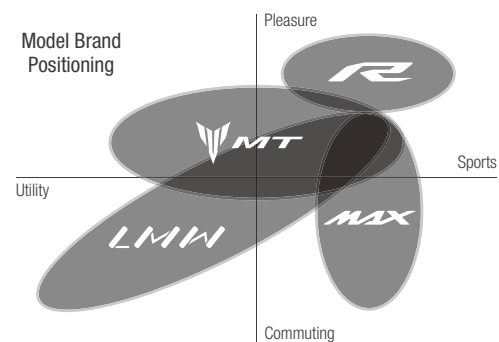
- 2014: Total demand bottomed out (105%); sales increased (113%) thanks to new product launches.
- 2015: Continuing new product launches and structural reforms to bring the business to profitability.

Unit Sales (Thousand units)



**Main Initiatives**

Making the brand stand out:  
Launch of "unique new products" into the market



**We will work to balance product appeal and cost considerations, while at the same time expanding our motorcycle lineup and introducing unique models with the goal of making the Yamaha brand even more attractive.**





**Q4** What steps is the motorcycle business taking in emerging markets?

**We are striving to increase brand power and to bolster sales and profitability.**

**ASEAN Region**

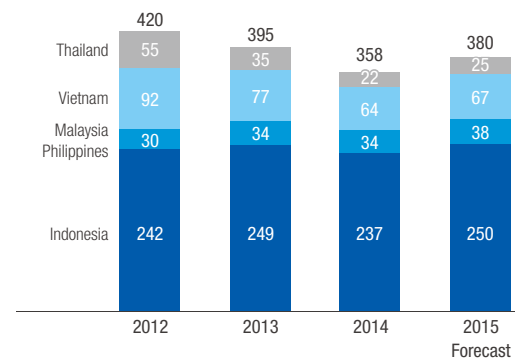
Flagging economic conditions led to a 3.0% dip in total demand in the ASEAN region in fiscal 2014. For this reason, and because the first half of the year was devoted to preparations for new product launches, our shipments for the year declined 9.0%. Beginning in summer, we launched the Nozza Grande, Grand Filano and Mio 125 ASEAN-region commuter bikes, the first models based on the BLUE CORE next-generation engine platform, all three of which are mounted with 125cc air-cooled engines. The BLUE CORE engine, which delivers both fuel efficiency and riding enjoyment, facilitates a 50% reduction in fuel consumption compared with 2008 scooter engines, leading the industry.

In 2015, we will release the NMAX, an ASEAN-region sports commuter featuring a 155cc liquid-cooled BLUE CORE engine, in global markets. We will also take steps to increase brand power and achieve a recovery in regional sales and profitability levels.

**Motorcycle Business: ASEAN Market**

- 2014: Total demand decreased (97%); sales decreased (91%) because 2014 was model switch timing. Many new model launches are expected in 2015.
- 2015: Targeting recovery in sales and profitability through maintaining the strong sports category, strengthening the AT category/full-scale introduction of platform models.

Unit Sales (Ten thousand units)



**Main Initiatives**

Strengthening the brand:  
Successive introduction of the 1st and 2nd BLUE CORE models



"Fuel efficiency + Enjoyable ride"



**India**

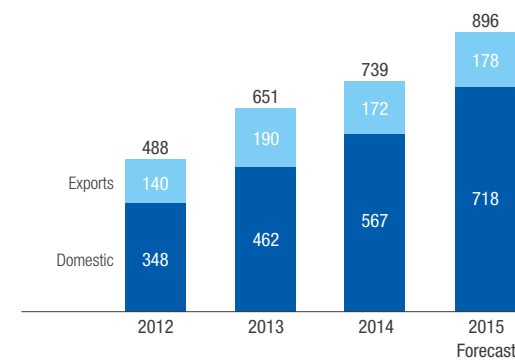
Total demand in India rose 12.0% in 2014. Thanks to the introduction of new models and the expansion of our sales network, our shipments were up 23.0%. Domestic sales and exports together totaled 740,000 units. In the high-growth scooter category, we introduced the CYGNUS α, while in the brand-driving sports category we launched the FZS F1.

In Chennai, in the south of India, we pressed ahead with construction of a new factory complex that will combine parts manufacturing, assembly and R&D facilities, as well as a "vendor park" housing production facilities of main external parts suppliers, in a single location. We also proceeded with construction of a new sales base. Both the new complex and the sales base are scheduled to begin operating in early 2015. Having thus established a new production configuration in India, we will promote efforts in 2015 to broaden our local product lineup and further reduce costs. We will also conduct promotional activities aimed at building strong relationships with local customers and capturing demand in provincial markets.

**Motorcycle Business: Indian Market**

- 2014: Total demand increased (112%); sales increased (123%) thanks to new product launches.
- 2015: Carrying out product lineup expansion and implementing cost reductions through the new business structure.

Unit Sales (Thousand units)



**Main Initiatives**

Developing networks/customer base:  
Building local market share (products/promotions)



New business structure in Chennai







To enhance our presence, we will introduce products that provide new value, as well as promote efforts to cultivate new market segments and expand our customer base.

**Q5** What can you tell us about initiatives in the marine business?

**We are creating a business model capable of sustaining annual net sales of ¥300 billion and an operating income margin of around 20%.**

Excellent overall business capabilities, reliability and network have enabled us to build exceptional brand power in this area. In 2014, we reported a significant increase in sales of large marine engines in North America, bolstered by a recovery in total demand in the markets for marine engines for lake, river and ocean craft and a steady shift in the focus of our product portfolio from inboard to outboard motors.

Key new product launches included the large F175 and the medium-sized F115 engines; the F4, F5 and F6 small engines, which are manufactured in Thailand; and the FX and FZS high output marine engines, featuring the Reverse with intuitive Deceleration Electronics (RiDE) system, which employs an innovative dual throttle technology.

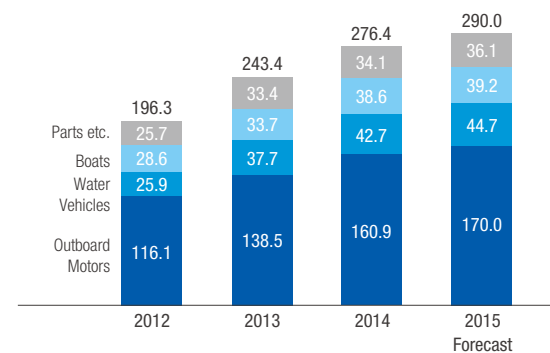
In 2015, we will endeavor to further expand our customer base by providing new value. Through these and other efforts, we will continue to create a business model capable of sustaining annual net sales of ¥300.0 billion and an operating income margin of around 20.0%.

**Marine Products Business**

→ 2014: Toward a high-profitability business model through brand strength (total business strength, reliability, network strength).

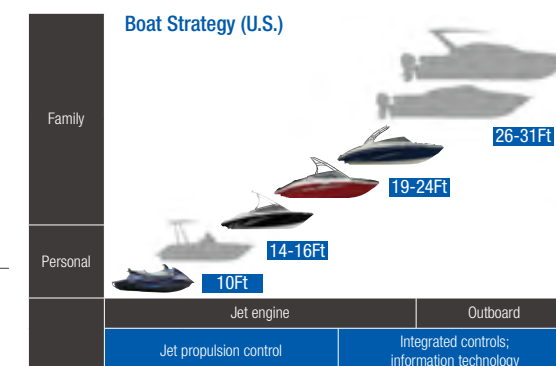
→ 2015: Toward net sales of 300 billion yen and operating income ratio in the 20% range.

Net Sales (Billion ¥)



**Main Initiatives**

Developing networks/customer base:  
Promotion of engine/peripheral equipment + boat strategies



\* Net sales of sport boats is reclassified from the water vehicles segment to the boats segment from 2014\_2Q\_business report onwards



**Q6** How are efforts in other businesses progressing?

**Our emphasis is on promoting Yamaha's unique versatility, which contributes to our overall growth and profitability.**

**Recreational Vehicles (RVs)**

We strengthened our lineup of recreational off-highway vehicles (ROVs) in fiscal 2014 with new launches including the six-person VIKING VI and the SR Viper snowmobile.

In 2015, we will further expand our ROV lineup by introducing new products in the sports category, including an eagerly awaited two-person edition of the Wolverine. In snowmobiles, we will promote a strategy aimed at building our share in North American markets. We will also work to restore the ability of our recreational vehicles business to attain annual net sales in the area of ¥100.0 billion and contribute to overall growth and profitability.

**Industrial Machinery (IM)**

A recovery in capital investment and the introduction of new medium- and high-speed surface units supported increased sales of surface mounters in China and other Asian markets, as well as in Europe. We also formulated a strategy to steer our full-scale entry into the market for high-speed mounters and concluded an agreement for the transfer of certain related assets previously owned by the Hitachi High-Tech Group. Having established a new development, production and sales configuration, in 2015 we will promote efforts to attract customers and cultivate new markets.

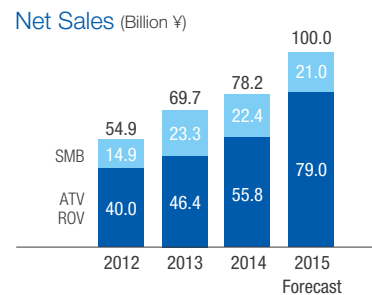
**Smart Powered Vehicles (SPVs)**

Sales rose in the domestic market in 2014, bolstered by the launch of new models of electrically power assisted bicycles (E-bikes) equipped with the PAS triple sensor. Despite concerns regarding the impact of Japan's April 2014 consumption tax hike, sales remained favorable throughout the year. We also commenced full-scale exports of the E-kit E-bike system kit to Europe.

In 2015, we will introduce new PAS models mounted with our new GREEN CORE next-generation smart power drive unit. We will also expand our smart power business in Japan by launching the new E-VINO electric scooter, which offers both superb performance and low cost.

**RV Business**

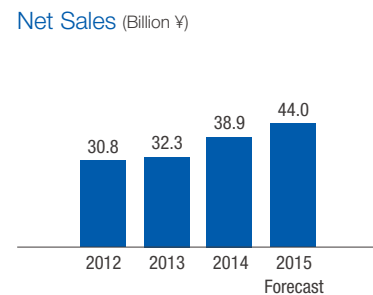
- 2014: Expansion of ROV/SMB Product Lineup Progressed.
- 2015: Return to growth and profitability with net sales of 100 billion yen.



SMB: Snowmobile

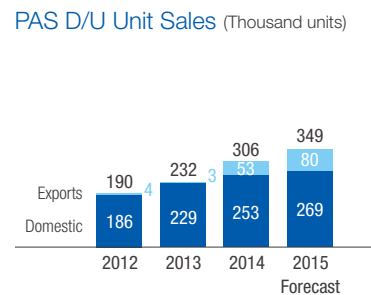
**IM Business**

- 2014: Recovery in equipment investment demand, incorporating businesses of other companies.
- 2015: Building share in the full-scale high-speed mounter market, development of a new market category.



**SPV Business**

- 2014: Domestic sales increased (110%) through introduction of new technologies, full-scale export to Europe began.
- 2015: Expanding the smart power business through ongoing introduction of new technologies and products.



**Q7** What are you doing to foster new businesses?

**We want to create a "growing world of personal mobility" that embodies the unique style of Yamaha.**

We have identified the creation of a "growing world of personal mobility" as a key strategic focus that will direct our efforts to expand the application of two-wheel vehicle technologies to three- and four-wheeled vehicles and to broaden our customer base. One emphasis of this was the development of a "third-vehicle category" that incorporates our Leaning Multi-Wheel (LMW) technology.

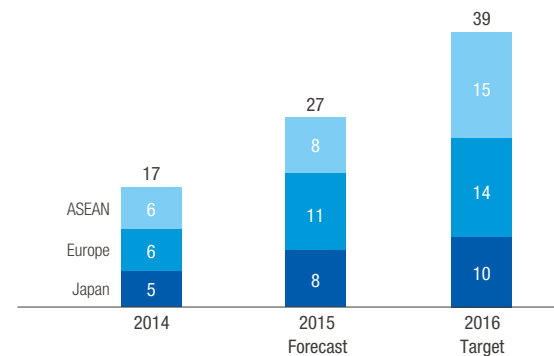
We launched our first such vehicle, the TRICITY, in Japan, Europe and the ASEAN region. Thanks to solid support from target customers in developed markets, sales of the TRICITY for the year exceeded our original forecast by 21.0%.

Recently, we announced the O1GEN, a new multi-wheel crossover concept model that represents a new direction in multi-wheeled vehicle design. Inspired by our "refined dynamism" design philosophy, the O1GEN is the first model that embodies our GEN design concept and the new value it promises customers.

**Introduction of "LMW—the Third-Vehicle Category" to the Market**

- 2014: Introduced the new category to the market, and achieved sales targets in developed markets (121%).
- 2015: Creating a new brand image to develop the customer base.

Unit Sales (Thousand units)



O1GEN



We will maximize the results of initiatives undertaken under our current MTP and make preparations for the start of our next plan.



**Q8** Can you describe what management challenges you anticipate in 2015, the final year of your current MTP?

**We will make preparations for the start of our next MTP.**

In 2015, we will maximize the results of initiatives undertaken under our current MTP and make preparations for the start of our next plan, which will guide our efforts from 2016 through 2018.

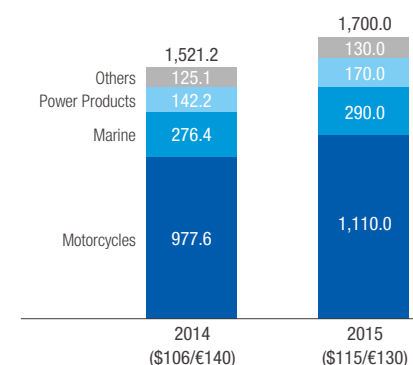
Committed to once again realizing increases in net sales and operating income in all business segments, we have set clear objectives for each in the year ahead. In the motorcycle business, we will aim for net sales in excess of ¥1,000.0 billion and an operating income margin in the area of 5% by pressing ahead with efforts to restore profitability in developed markets and to achieve a recovery in regional sales and profitability levels in emerging markets, thereby transforming this business into one capable of stable net sales and operating income. In the marine products business, we will endeavor to create a business model capable of sustaining annual net sales of ¥300.0 billion and an operating income margin of around 20% by promoting a growth strategy centered on expanding key components of this business, namely, a combination of hull/engine strategy and peripheral equipment. In the power products business, we will expand our selection of ROVs and other products with the goal of achieving net sales of ¥170.0 billion and shifting from stable to high profitability.

#### Details of Net Sales and Operating Income by Business (FY2015 Forecast)

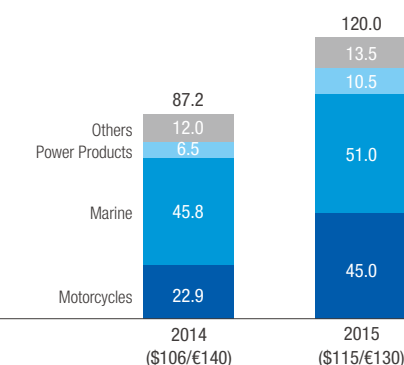
Continue to achieve increases in sales and income in all business segments.

- Motorcycles: Achieve profitability in developed markets and further improve income in emerging markets to reach operating income ratio of 5%.
- Marine: Reach operating income ratio of 20% through introduction of larger models and cost reductions.

Net Sales (Billion ¥)



Operating Income (Billion ¥)





**Q9** Can you tell us about your policy regarding returns to shareholders?

**We will continue working to maintain a sound financial position and stable returns to shareholders.**

Having recognized enhancing the distribution of profits to stakeholders as one of management's highest priorities, we work continuously to maintain a sound financial position by weighing the need for investments in future growth against the need to maintain stable profits and returns to shareholders. Accordingly, we view return on equity (ROE) and return on assets (ROA) as key performance indicators.

At present, we forecast total shareholders' equity in excess of ¥500.0 billion, net income per share of more than ¥200.00 and ROE in the area of 15% in 2015.

We will determine dividends after giving comprehensive consideration to the business environment, including our performance, retained earnings, and the need to balance forward-looking growth investments with returns to shareholders and loan repayments, while maintaining a minimum dividend payout ratio of 20% of consolidated net income. In 2014, our annual dividend—which included an interim dividend—was ¥40.00 per share. Based on our operating results forecasts for sales and income in 2015, we currently anticipate paying an annual dividend of ¥44.00 per share in 2015.

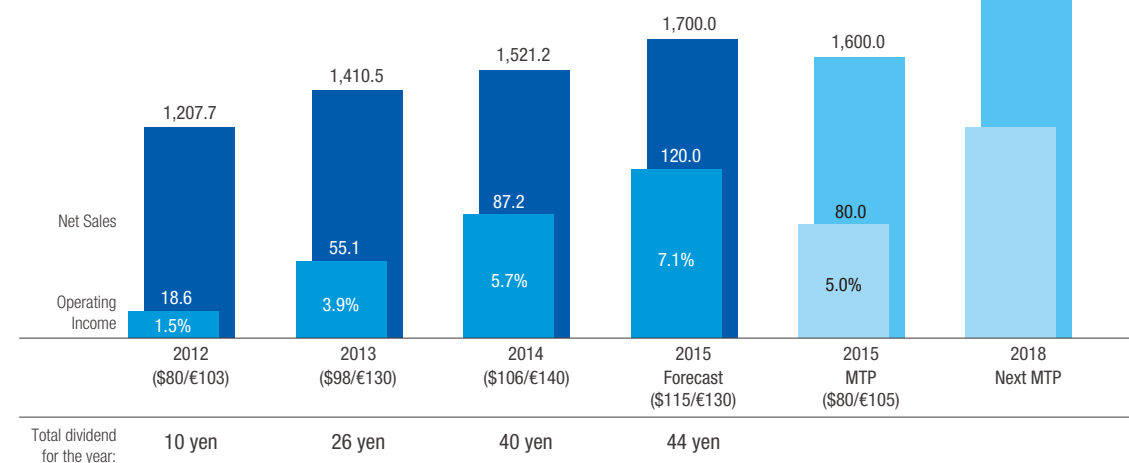
**Management Objectives/Dividends**

Achieve results under the current MTP and step up to the next MTP:

→ Three growth strategies, unique Yamaha-style *Monozukuri*, and reform of the business foundation

Total dividend for the year: (2014) 40 yen, (2015) 44 yen forecast

Net Sales / Operating Income (Billion ¥)



**Q10** What are your strategies for growth in the years ahead?

**Our ultimate target for 2017 is consolidated net sales of ¥2,000 billion.**

We have set forth three growth objectives that will guide our efforts for the foreseeable future: "fulfilling lifestyles," "enjoyment in personal mobility," and "innovative technologies that harmonize with people, society and the Earth."

Under these objectives, we have set forth four key strategies. The first is to "create a growing world of personal mobility," in line with which we are expanding the application of two-wheel vehicle technologies to three- and four-wheeled vehicles. The second is to "compete in the ¥3 trillion global marine market." In particular, we are endeavoring to expand the scope of our businesses through a combination of hull/engine strategy and peripheral equipment. Our third objective is to "commit to unique versatility." To this end, we will work to create new business models and expand our customer base. Fourth, we will "advance innovation," that is, the development of new fundamental technologies, in such areas as robotics, Humax and engines.

In terms of strategic direction, our next MTP will focus on guiding our evolution as a unique company that continues to achieve dynamic milestones while at the same time taking corporate value to the next level. The plan also articulates three priority tasks: "implement our growth strategies," "pursue the unique style of Yamaha through *Monozukuri* (and break out of our current norms)," and "implement further fundamental reforms to increase management resource efficiency."

**Q11** In closing, is there anything in particular that you would like to communicate to stakeholders?

**We pledge to transform Yamaha Motor into a company that "Revs your Heart."**

Announced in 2013, our global brand message, "Revs your Heart," has been disseminated across the Yamaha Group and is firmly established as a concept among employees worldwide. This slogan represents our strong desire to create exceptional value and experiences that enrich the lives of our customers and everyone involved with Yamaha, and surpass their expectations. To transform this desire into reality, we will work tirelessly to communicate, consider and challenge our perceptions of the unique style of Yamaha in all aspects of our operations, including planning, development, production and sales.

As we press ahead with efforts to evolve as a unique company that continues to achieve dynamic milestones, we pledge to continue providing products and services that enable you, our stakeholders, to truly feel the spirit of "Revs your Heart." In these and all our endeavors, I look forward to your ongoing support.







CUSTOMER

### LMW

Our LMW\* technology combines a parallelogram link mechanism, which ensures naturally comfortable operation, and a telescopic suspension, which provides superb cushioning. The result is a whole new kind of driving enjoyment that combines agile, sporty handling and superb stability.

\* Leaning Multi-Wheel



PRODUCT

### GROWTH STRATEGY

# #01

### Helm Master

The Helm Master not only controls all aspects of outboard operation digitally, but also features a single joystick that enables 360-degree manual motion and in-place rotation at low speeds.



## A Growing World of Personal Mobility

### Revs Your Heart

Stirring people's hearts with excitement and emotion, like the building revs of an engine. This message symbolizes the Yamaha brand's mission. As a *Kando* Creating Company, the Yamaha Motor Group seeks a unique experience that exceeds customers' expectations for value, satisfaction, and excitement, and provides a "growing world of personal mobility."

TECHNOLOGY

### 1LR-GUE

The outcome of joint development efforts involving engineering, manufacturing and front-line production staff aimed at realizing an engine that could be manufactured in extremely small lots with 100% consistent quality, the 1LR-GUE is light and compact, yet delivers formidable torque and output.



### Performance Damper

The Yamaha Performance Damper effectively controls minute deformation and vibration in the chassis that occur when a vehicle is in motion, thus improving both handling and riding comfort.





## A Growing World of Personal Mobility

GROWTH STRATEGY

# #01

# TECHNOLOGY

### RiDE

The Reverse with intuitive Deceleration Electronics (RiDE) system for personal watercraft makes it possible to control all aspects of operation when the craft is in motion from the handlebars. The result is an intuitive, stress-free riding experience that provides both peace of mind and fun.



### GREEN CORE

GREEN CORE is a new concept for power drive units that emphasizes both riding pleasure and environmental soundness. Compact and light, the GREEN CORE power unit nonetheless realizes strong yet smooth power delivery.



### BLUE CORE

A next-generation engine development concept, BLUE CORE focuses on taking riding enjoyment, as well as fuel efficiency and environmental performance, to new levels. In line with this concept, we are implementing a broad range of engineering enhancements tailored to the nature of each individual model.



### Crossplane

Our unique crossplane technology enhances engine responsiveness to achieve high levels of rider-machine unity. The rider becomes the protagonist, at one with the motorcycle, for a truly exhilarating riding experience. We have introduced this technology across our entire motorcycle lineup in our efforts to provide this unique riding experience in all of our models.



# PRODUCT

# CUSTOMER

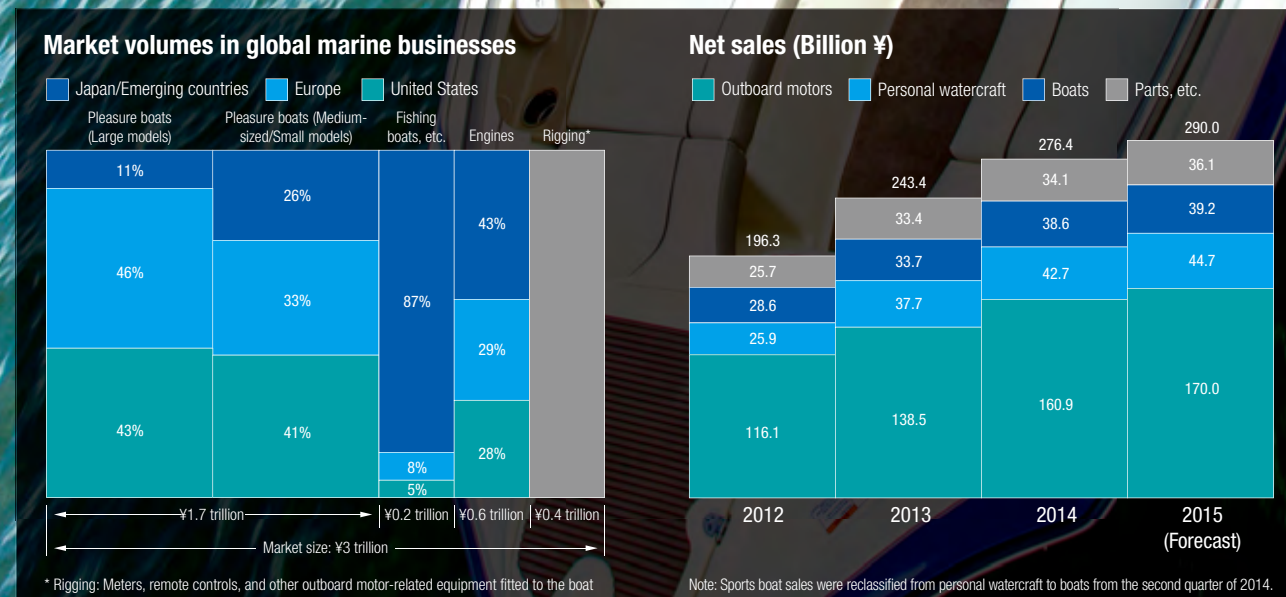


GROWTH STRATEGY

# #02

## Marine Products Business Competing in the 3-Trillion-Yen Global Marine Market

“Competing in the 3-trillion-yen global marine market” is one of the themes of Yamaha Motor’s growth strategy, under which we aim to expand the business through a combination of hull/engine strategy and peripheral equipment, and use our comprehensive business strength, reliability and network to enable the marine products business to grow into a highly profitable business with a strong global presence.



## Building a solid position as the No. 1 name in the marine products market

### Marine products business eyeing new growth opportunities

Yamaha Motor’s marine engines are globally known for their high performance, light weight and fuel efficiency. In addition, as the market shifts from inboard motors to outboard motors, Yamaha’s products are also being recognized for their superior environmental features, giving Yamaha an overwhelming presence in marine settings around the world.

The global marine products market breaks down as roughly ¥1.7 trillion for pleasure boats for leisure, and around ¥240.0 billion for fishing and other commercial boats. We are aiming for further growth by expanding our market share in the pleasure boat and fishing and commercial boat markets in the United States and in emerging markets.

### Establishing our presence beyond hulls

Yamaha Motor is working to grow its marine products business further by expanding its scope, with a broader product lineup featuring hulls packaged with outboard motors with advanced platforms and comprehensive controls.

We are also offering new value with our popular sports boats in North America. By pursuing a combination of hull/engine strategy and peripheral equipment, we aim to leverage our comprehensive business capabilities and the reliability of the Yamaha brand, to build a highly profitable, comprehensive boating business with sales of more than ¥300 billion and an operating income margin of around 20%.

### Evolving into a highly profitable business through a combination of hull/engine strategy and peripheral equipment

	2013	2014	2015	2016	2017
Outboard motors	Large models F200, VF165, VF175 Platforms, next-generation models and comprehensive controls				
	Medium-sized models F115, F130 Platforms, compact and lightweight models				
	Small models F9.9, F4.5.6 Manufacturing in Thailand				
Personal watercraft	FX FX/FZ SVHO FX/VX Lightweight and optimized models				
Sports boats	19ft.-21ft. 19ft. Proposing new value		24ft.		



Developed Markets

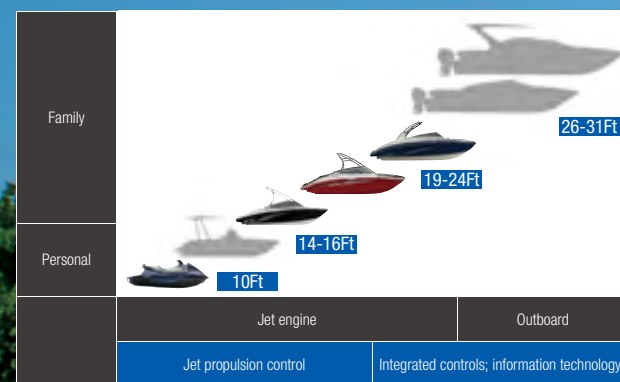
Diversification of boating value

Focusing on the United States to expand business scope and customer base

With unparalleled competitiveness in developed markets, we are expanding our next-generation product lineup to create increasingly diverse boating value through a combination of hull/engine strategy and peripheral equipment.

In the United States, the largest market, we are expanding our product lineup by creating new categories in the sports boat market's 19- to 24-foot class, which is Yamaha Motor's primary volume zone, and addressing a range of customer bases from individuals to families. We are therefore increasing our production capacity in the United States from the current 10,000 units under three brands. In outboard motors, we are launching a next-generation platform model to address the growing demand for large engines.

Pursuing a hull strategy targeting a wide range of customers



Emerging Markets

Capturing markets with optimal local products

Local production to address development of Chinese market

In emerging markets, we are increasing our points of contact with customers in Russia and Brazil, which have large growth potential, and in China we are cultivating pleasure boat and fishing boat markets under a basic strategy of "capturing the market through local production."

In China in particular, economic development has brought about improvements in marinas and other infrastructure, and with more people enjoying marine leisure the pleasure boat market is growing. We have begun outsourced production of a 27-foot fishing boat in Zhuhai in Guangdong Province, and we will accelerate our launches of pleasure boat products to address the growing number of people taking up fishing.

On the other hand, China's fishing boat market still has approximately 500,000 used boats, mostly heavy wooden craft, in operation; so we see potential demand for lightweight, high-performance fishing boats. Yamaha Motor maintains a joint production center in Zhangzidao in the city of Dalian, and we are providing packaged boats that combine our FRP hull technology developed in Japan and our outboard motors.

Globally growing comprehensive boating business



Technological Strategies

Technological advances that support our "combination of hull/engine strategy and peripheral equipment"

Repaying the confidence placed in the Yamaha brand

The marine products business' "combination of hull/engine strategy and peripheral equipment" is supported by comprehensive hull control technologies and technologies to reduce the weight of outboard motors.

In 2013, Yamaha announced the Helm Master outboard motor control system that we jointly developed with Volvo Penta, and after building this advantageous market position with comprehensive control technologies, in 2014 we developed the RiDE technology for intuitive and comfortable handling of personal watercraft.

In medium-sized outboard motors, we have developed a smaller, lighter platform model, and in small outboard motors we are reducing costs through production in Thailand. We will continue to appeal to a broad customer base by proactively offering new value in sports boats, by further improving our control technologies while also pursuing lighter weights and product optimization.



Helm Master



RiDE

Made in Mauritania

Engaged in "business for societal value" since the 1960s

Nouadhibou is a port city in northern Mauritania. A new shipyard was built there in 2014 with technical assistance from Yamaha Motor. Over the half-century since we began motorboat development in 1960, Yamaha Motor has developed proprietary technologies for building fiber reinforced plastic (FRP) hulls. In 1974, we began supplying technologies to emerging market countries as a Japanese contribution to their social infrastructure development, and today a total of roughly 78,000 boats have been built using the FRP manufacturing technology we have provided to boat builders in 14 countries in the Middle East, South America, Asia and Africa.

Moving You Vol. 7 "Made in Mauritania: An Instructor-trainee Relationship without Borders"

<http://global.yamaha-motor.com/yamahastyle/movingyou/007/index.html>



DATA  
Islamic Republic of Mauritania  
Land area: 1,031,700 square kilometers (roughly 2.7 times the size of Japan)  
Population: Approximately three million







GROWTH STRATEGY

#03

## Commitment to Unique Versatility

The Yamaha Motor Group's commitment to create unique and diverse products and businesses underpins the Group's growth strategy and embodies the concepts of "creating fulfilling lifestyles," "creating enjoyment in personal mobility," and "creating innovative technologies that harmonize with people, society and the Earth"—as we seek to create new products and new businesses that express the unique style of Yamaha.



## Industrial-Use Unmanned Helicopters

### Covering one-third of Japan's rice paddies

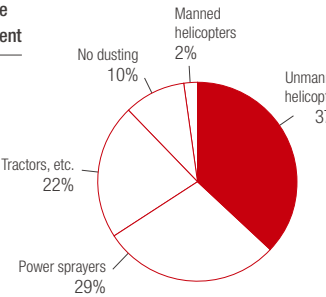
Yamaha Motor has been researching and developing industrial-use unmanned helicopters since beginning development in the 1980s, and sales volume in the Unmanned System (UMS) business has been growing, mainly for agricultural-use models. Yamaha products are currently used in Japan for crop dusting on 1.04 million hectares (of which 930,000 hectares are rice paddies), which translates to a crop dusting coverage ratio of 37% for rice paddies\* (Yamaha Motor estimate as of 2013).

The UMS Business Development Section is building on this track record in rice paddy pest control in Japan and South Korea to develop new product applications. A business has also been launched in Australia, an application has been filed with the U.S. Federal Aviation Administration for commercial unmanned flight operations, and verification testing is under way in the United States for the use of unmanned helicopters in vineyards. We are also working to expand the business with preparations to enter the Thai and European markets.

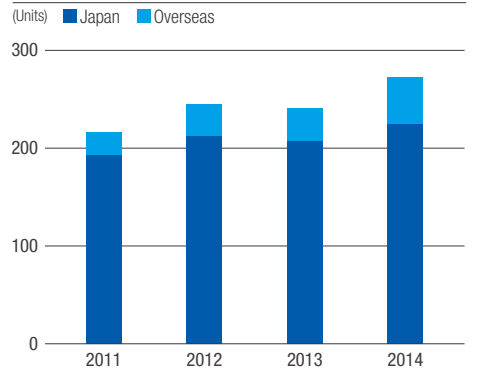
### Japan's domestic crop dusting coverage ratio for rice paddies by type of equipment

(Yamaha Motor estimate, 2013)

\* Crop dusting coverage ratio = Actual area dusted ÷ Area used for rice paddy cultivation  
 Actual area dusted: Cultivated land area dusted at least once during the year  
 Area used for rice paddy cultivation: Land area where non-perennial crops such as rice have been cultivated



### Unmanned helicopter sales



### Creating new business model for non-agricultural uses

Yamaha Motor's remote control technology makes our industrial-unmanned helicopters efficient and safe to operate. They have been used in Fukushima Prefecture for radiation monitoring since the tsunami-triggered nuclear accident there, and recently have also been used for geomagnetic measuring around active volcanoes. We expect demand to expand to a broad range of areas including disaster recovery, disaster prevention and damage reduction, environmental surveys, scientific surveys, other types of measurement operations, and security.

### COLUMN Transforming agriculture from the air—The effectiveness of industrial-use unmanned helicopters

Jinichiro Yaegashi, from the Hanafuroshiki Agricultural Cooperative in Hanamaki, Iwate Prefecture, says, "Working in the fields carrying a heavy tank for spraying is really tough."

In addition to reducing the burden on farmers, unmanned helicopters support stable pesticide distribution with a cruise control function that maintains the unit's speed and altitude.

Yamaha's newest model, the FAZER, was launched in 2013. Along with a higher engine output and a new control system for better operability, this next-generation industrial-use unmanned helicopter is equipped with a 4-stroke engine with fuel injection, providing heavier load capacity with clean, quiet exhaust.

Yamaha Motor's industrial-use unmanned helicopters are transforming agriculture from the air.



YAMAHA Revs Your Heart  
<http://global.yamaha-motor.com/about/brand/>



## Electric Wheelchairs

### JW Swing (recipient of 2014 Good Design Gold Award)

Yamaha Motor's JW Swing electric power assist wheelchair received the Good Design Gold Award at the 2014 Good Design Awards, organized by the Japan Institute of Design Promotion (JDP).

The JW Swing is an electrically power-assisted wheelchair that uses supplementary electric power in proportion to the burden of handrim operation. This wheelchair was developed to expand the range of mobility and support the independent lifestyles of wheelchair users who are older or have disabilities.

In addition to being easier to rotate the handrim, this lightweight, durable wheelchair uses a separate battery unit in a sleek design that hides the fact that the wheelchair uses electric power.



### Expanding the electric wheelchair business using innovative technologies that harmonize with people

In the field of health and welfare, Yamaha Motor released its first electric power unit for wheelchair use, the JW-1, in 1995 in response to the aging of Japanese society. Since then, we have applied our proprietary, advanced control and drive technologies to offer electric wheelchairs that are comfortable and convenient for users, and also reduce the effort required by caregivers. To expand the range of mobility and support the independent lifestyles of wheelchair users, especially those who are elderly, and for rentals covered by long-term care insurance, we began developing our first completely assembled electric power assist wheelchair, which led to the JW Swing.



## Design concept model O2GEN

In November 2014, Yamaha Motor exhibited its O2GEN design concept for electric wheelchairs at the International Conference for Universal Design 2014, held at the Tokyo International Exchange Center, and the new design concept was a conference highlight.

O2GEN can be controlled swiftly and moves with elegance, while being adaptable to the needs of each individual user. Incorporating the functionality and safety required of electrically power-assisted wheelchairs, this concept model pursues comfort and beautiful posture when the user is seated, as well as a sense of synergy between the user and wheelchair.



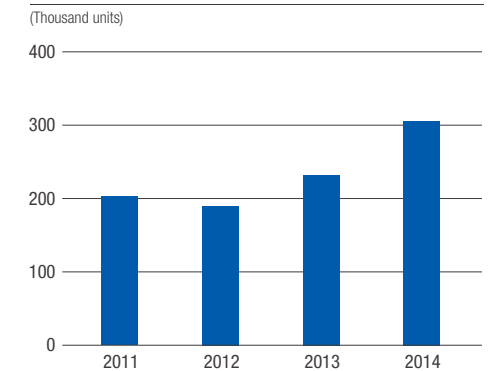
## PAS

### Next-generation drive units based on the GREEN CORE concept

Yamaha Motor has developed next-generation drive units for electrically power assisted bicycles based on its new GREEN CORE concept, which incorporates compactness, light weight and high functionality for an enjoyable drive while being environmentally friendly. We have maintained the powerful, natural power-assist function with features including our proprietary S.P.E.C. structure for precise control aligned to the gear position, and a triple sensor system. These drive units will be used in Yamaha's main models being launched from 2015, beginning with the PAS Natura series, and will also be supplied to domestic electrically power assisted bicycle manufacturers.



### Sales volume



### Full-scale exports of drive units to Europe

In Europe, demand for electrically power assisted bicycles, known as E-bikes, reached 1.1 million units in 2014 (Yamaha Motor estimate), making Europe one of the world's largest market for these bicycles.

In addition to our domestic businesses of selling completely assembled bicycles and supplying drive units, we are expanding globally by strengthening and expanding our ties with European bicycle manufacturers through supplies of system kits for electrically power assisted bicycles. We are already supplying several companies including Winora of Germany, and are aiming for a total European market of 80,000 units in 2015.





# CSR

Customers	50
Employees	52
Shareholders and Investors	54
Business Partners	55
The Community	56
The Environment	58

## Basic Policies of CSR

The Yamaha Motor Group strives to contribute to the sustainable development of society through our business activities based on our corporate philosophy and to always abide by the letter and spirit of domestic and international laws and regulations. We are dedicated to earning the trust of the global community, and we place great value on communicating with all stakeholders. We expect all of our business partners to share our principles and to act in accordance.

### Customers

- We offer new excitement and a more fulfilling life for people all over the world through high-quality products and services that combine safety and innovation.
- We provide practical, helpful information about products and services to customers.
- We make every effort to protect the personal information of our customers and others involved in our business.

### Shareholders and Investors

- We aim to deliver stable, long-term growth to enhance corporate value.
- We disclose appropriate corporate operational results and financial status in a timely manner.

### Employees

- We provide equal employment opportunities to build a diverse and discrimination-free workforce.
- We provide fair working conditions while maintaining and improving a safe and healthy working environment.
- We maintain respect for human rights and never tolerate child labor or forced labor in any form.
- We work toward building success for both our employees and the Company through honest communication and dialogue founded on mutual trust.

### Business Partners

- We respect our suppliers, dealers, and other business partners and aim to build mutual long-term growth founded on mutual trust.
- We maintain an open door to new business partners around the world and choose companies based on comprehensive value, regardless of nationality or size.
- We respect the competition laws of each nation and region and maintain fair business practices.

### The Community

- We honor the culture and customs of every country and community, and we strive as a corporate citizen to act in balance with society.
- We work to contribute to the development of sound communities by providing means of mobility, creating employment opportunities, and fulfilling our tax obligations.
- We promote social action programs including personal mental and physical development, environmental preservation and safety activities, as well as supporting private initiatives undertaken by employees.
- We maintain honest and fair relationships with government agencies and public authorities.

### The Environment

- We develop environmental technologies to create products that balance economic needs with environmental well-being.
- We aim to minimize the environmental impacts of our operations and make efficient use of limited natural resources.
- We form wide-ranging partnerships with communities around the world to perform environmental conservation activities.





## Aiming to be an engineering, manufacturing and marketing enterprise that gives customers a sense of *Kando*\*

We believe that Yamaha's product quality is enhanced through ongoing, close relationships with our customers, and we expect all employees to constantly strive to enhance the quality of our products. To strengthen our customer-oriented approach and ensure that customers' views are reflected in our engineering, manufacturing and marketing, the Yamaha Motor Group will continue to pursue improvements in quality so that we can deliver products with an even higher level of customer satisfaction. Our relationship with customers is one of the core components of our CSR policy, and the following are some of our priority initiatives related to customers.

\* *Kando* is a Japanese word for the simultaneous feelings of deep satisfaction and intense excitement that we experience when we encounter something of exceptional value.

### Working to Improve Quality

YMTT\* invited 39 major Taiwanese suppliers to attend one of the Quality Conferences held in Taipei and Kaohsiung in July 2014. At these conferences, YMTT gave presentations on the "quality activities" of 2014, and introduced the Purchased Products Quality Assurance Manual. From these presentations, Taiwanese suppliers gained a good understanding of the background and purpose of each activity, and are now set to move ahead as one in terms of quality improvement and customer satisfaction, and to continue supplying good quality parts to global Yamaha.

\* Yamaha Motor Taiwan Trading Co., Ltd.

### Offering New Excitement

The "TRICITY" is a next-generation city commuter equipped with Yamaha's exclusive Leaning Multi-Wheel (LMW) mechanism, which enables the two front wheels to lean with the chassis when cornering. Both front wheels feature independent suspensions with a link mechanism that provides excellent adaptability to changes in the road surface for a more comfortable ride, even with a tandem passenger or on cobblestone streets or other types of rough road surfaces.

Yamaha's desire to build a model that radiates an attractive sense of familiarity to as many people as possible revealed itself in all aspects of the TRICITY's development process. It began by designing a chassis that was compact and lightweight for greater ease of use (chassis width comparable to the current Yamaha 125cc class scooter models), and it is also seen in features like the flat footboard that makes getting on and off the model especially easy for women. Throughout the model are specifications and functions selected and designed with a wide range of users in mind.

The TRICITY represents Yamaha's idea of a new standard for next-generation city commuter bikes. This standard will expand the

world of personal mobility for a smarter, more comfortable and more enjoyable riding experience in cities around the world.

### Customer Service

Yamaha Motor held the "6th Yamaha Technician Grand Prix 2014." Twenty Yamaha motorcycle service people (mechanics from both dealers and distributors) from 18 countries and regions competed in all aspects of service skills and knowledge.

This contest is part of the unique Yamaha Technical Academy (YTA) program launched by Yamaha Motor in 2000, with the aim of providing Yamaha customers worldwide with the same superior technical service and fostering a spirit of "One-to-One Service" that strengthens Yamaha's relationship with customers. With the important goal of providing quality service that helps build loyalty and customer satisfaction, service mechanics from Yamaha dealerships around the world participate in the YTA program and compete in local and regional contests designed to improve their service skills and heighten their sense of pride as part of the global Yamaha Motor Group.

<http://global.yamaha-motor.com/news/2014/1006/wtgp.html>



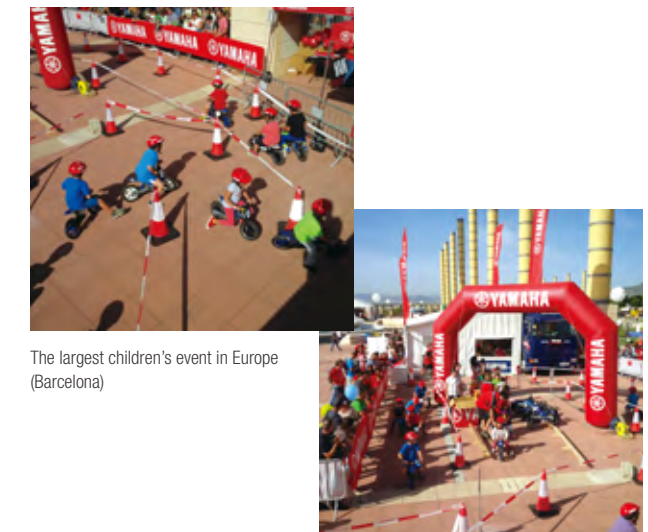
6th Yamaha Technician Grand Prix 2014

### Riding Safety Promotion Activities

#### Yamaha's involvement in a children's event in Spain

In October 2014, the largest children's event in Europe was held in Barcelona, Spain, with the two-day event attracting more than 350,000 people. At the event, YMESM\* hosted a rider training area for children between the ages of 2 and 6. Around 3,000 children participated, which included an explanation of the benefits of commuting by motorcycle in Barcelona. All of the participants then got the opportunity to ride the Yamaha Kids' Wooden Bikes in the Yamaha Academy circuit.

\* Yamaha Motor España Marketing S.A.



The largest children's event in Europe (Barcelona)





## Creating an organization to facilitate co-ownership of value from a global perspective

The Yamaha Motor Group strives to create workplaces that respect diversity, with the aim of achieving an organizational structure based on sharing ideas and the same high ambitions and spirit, cooperation and joy in our work among the Company and its employees from a global perspective.

### Nurturing Personnel and Supporting Their Careers

#### Developing human resources for global leadership

Yamaha Motor Co., Ltd. set up a committee to discuss and share business challenges with top managements of Group companies and is urgently pursuing aggressive initiatives to nurture personnel for positions with global responsibility in the worldwide Yamaha Motor Group, by promoting talented employees at overseas Group companies to the top management positions and accelerating overseas work experiences among Japanese employees, in line with the globally growing business.

The second Global Executive Program (GEP) commenced in January 2014. The GEP is a training program aimed at nurturing talented individuals for future leadership roles within the Yamaha Motor Group and creating a global network among students who are attending lectures under this program. Fifteen trainees from nine countries were selected for this year's GEP, which involved participating in discussions that focused on the future image of the Yamaha Motor Group.



### Supporting Work-Life Balance

#### Aiming for a workplace environment that fosters autonomous creativity

The Yamaha Motor Group defines its relationship with employees as a business partnership, and the Company's role as providing an attractive workplace for autonomous individuals. We aim to create workplaces that maintain a diversity of working styles and a positive work-life balance by supporting career advancement plans based on mutual assumptions, providing programs for child and nursing care leave, among other efforts. We are also expanding the options for employees so that they can work in ways that suit their individual circumstances.

### Workplace Safety and Health

#### Creating a workplace environment that offers peace of mind and comfort

Led by its Central Safety and Health Committee, Yamaha Motor is promoting the establishment of safer working environments globally. Risk assessment is performed in accordance with the Occupational Safety and Health Management System (OSHMS) to detect potential dangers or harmful conditions at workplaces, and measures are taken to prevent occupational accidents. Through job-specific education and training, such as safety manager training programs and skill improvement programs for supervisors, as well as holding occupational safety and health meetings, we are focused on developing human resources that can support occupational safety.

### Workplaces Thriving on Diversity

Based on our fundamental belief that "all corporate activity originates first of all with and for people," the Yamaha Motor Group has clearly defined its stance on human rights in its Basic Policies of CSR and Code of Ethics.

In accordance with our policy of "operating workplaces where the disabled can work together with the able-bodied," Yamaha Motor has established the Disabled Employment Promotion Committee, and is working to improve the workplace environment through measures such as having analyses of organizational work and other tasks conducted by committee members assigned to each division. As of December 31, 2014, the Company employed 78 severely disabled persons and 65 mildly disabled persons, thus achieving a disabled employment rate of 1.96% (143 persons in total). From April 1, 2013, the Japanese government raised the legally mandated disabled employment rate to 2.0% from 1.8%, and Yamaha Motor is implementing additional measures to raise the number of employees with disabilities. We will continue to promote the hiring of persons with disabilities going forward, as we seek to create a society in which persons with and without disabilities can live and work together.

Yamaha Motor has always striven to create workplaces that emphasize diversity, through in-house child care facilities, parental leave programs, and flexible working hours, and has received various awards including the Prefectural Governor Prize regarding Activities for Promoting the Equal Participation of Men and Women in Society and the Family Friendly Company Award. Going forward, we will continue to actively work to increase opportunities for women to participate in the workforce, while at the same time promoting systematic human resource development, with the aim of a twofold increase in women in management positions by 2020 and a threefold increase by 2025.\*

\* Both goals are in comparison with 2014 data.

### Main Activities

1. Raise the percentage of women hired
2. Provide a working environment that is more hospitable to employees with young children
3. Support career planning and the development of broader and deeper capabilities to increase women's participation in the workforce.

### Supporting Employees in Maintaining a Healthy Mind and Body

Yamaha Motor promotes a wide range of initiatives for helping employees maintain and improve their emotional and physical health.

We are committed to creating healthy and vital workplaces for the prevention of and recovery from lifestyle-related diseases. For instance, we support endurance improvement and obesity prevention through exercise habits, such as by hosting walk rally events and holding the Walk, Walk Campaign twice a year. In partnership with a health insurance association, we have also been providing antismoking products and are teaching smoking cessation skills to interested employees to help them in their efforts to quit smoking.

Measures to reduce smoking rates and prevent second-hand smoke during 2014 included restricting smoking to certain times, setting up smoking areas outside offices, and creating support programs for persons trying to give up smoking, which resulted in a decrease in the smoking rate among employees, to 29.7%. In terms of support for mental/emotional health, we have continued to engage in efforts such as health guidance given by occupational health physicians, mental/emotional health seminars for new managers and supervisors, and support for expatriates and mid-career recruits.



## Shareholders and Investors

In order to ensure accountability by providing shareholders and investors with appropriate, accurate and timely information, Yamaha Motor has established a specialized division which engages in IR activities inside as well as outside Japan.

In addition to quarterly earnings briefings and the annual shareholders' meeting, the division visited and held meetings with overseas investors, provided information via the IR website, and operated a website to provide information to individual investors. To even more proactively disseminate information, the division held a business briefing for analysts and journalists, and made a video of the briefing publicly available on the Company's website to enable all shareholders and investors better understand Yamaha Motor's business strategy.

[Materials from the business briefing \(September 12, 2014\)](http://global.yamaha-motor.com/ir/report/pdf/2014/Yamaha-motor_Business_information_session_en.pdf)

[http://global.yamaha-motor.com/ir/report/pdf/2014/Yamaha-motor\\_Business\\_information\\_session\\_en.pdf](http://global.yamaha-motor.com/ir/report/pdf/2014/Yamaha-motor_Business_information_session_en.pdf)

[Video of the business briefing](http://youtu.be/Oih-M2a6hzM)

<http://youtu.be/Oih-M2a6hzM>



### Information for shareholders and investors is available on the websites below

#### Disclosure Policy

<http://global.yamaha-motor.com/ir/policy/>

#### Dividend Policy

<http://global.yamaha-motor.com/ir/shareholder/dividend/>

#### For Investors (index page)

<http://global.yamaha-motor.com/ir/>



IR website

## Business Partners

### A Global Procurement and Sales Network based on a Spirit of Cooperation and Fairness

Yamaha Motor products are created through collaboration with numerous suppliers in Japan and other countries. As our procurement and sales structures expand with our increasingly global business, the Yamaha Motor Group is establishing cooperative relationships with suppliers and dealers in Japan and around the world based on a spirit of mutual trust and mutual benefit. For this reason, we strive to conduct fair business in compliance with the competition laws of all countries and regions while working to create partnerships that aim for mutual, sustainable growth.

### Activities in Supply Chains

The Yamaha Motor Group regards its relationship with the supply chain not just as conducting procurement, but as procurement that emphasizes the incorporation of both cost and quality into its engineering, manufacturing and marketing. An example of these activities is the implementation of "theoretical-value-based production" with suppliers. This does not simply mean demanding cost reductions, but instead involves analyzing the absolute value of engineering, manufacturing and marketing together with suppliers and then working together to find more ways to improve cost competitiveness. We have trained some of our employees to serve as "theoretical-value instructors" in order to promote the implementation of "theoretical-value-based production" at suppliers inside and outside Japan as an initiative to strengthen our cost competitiveness in concert with them. In addition, we are promoting fair and clean procurement activities globally through training programs covering our Green Procurement Guidelines (detailing how to reduce our environmental impact and ensure the

efficient use of resources and energy) and CSR Guidelines for Suppliers (which cover areas related to safety, quality and compliance).

### Activities at Dealerships

As our contact point with customers around the world, dealerships play an important role in conveying Yamaha's "next *Kando*." By strengthening relationships with dealers through regularly held dealer meetings and activities to promote safe driving and support local communities, the Yamaha Motor Group is building a sales network that provides common value.

In Japan, dealers mainly in Yamaha Sports Plaza (YSP), an official Yamaha sports bike dealer system, and Yamaha Motorcycle Sales Japan Co., Ltd. play an important role in building ties with local communities and society by cooperating in a range of measures including motorcycle infrastructure development, motorcycle etiquette training, motorcycle recycling, tree planting, and other environmental campaigns, as well as fundraising for seeing-eye dog training.





## The Community

The Yamaha Motor Group operates in locations around the world, and our business activities help support those local communities. Our products also play a role in enriching the lives of people around the world. We recognize the importance of maintaining a sustainable relationship through which the Company and local communities can coexist and mutually prosper, and to achieve this, we place great importance on maintaining and enhancing a relationship of trust through daily communication with stakeholders in those communities.

The Yamaha Motor Group carries out activities to fulfill its corporate social responsibility in four main areas: developing future leaders, environmental conservation, improving traffic safety, and community issues. By focusing the social contribution activities carried out by Group companies on these areas and sharing information internally, we are continuously fostering an awareness that will lead to the creation of common social value (CSV). The following are some highlights of our social contribution activities in 2014.

### Important Areas of Activities Contributing to Society

Key Themes	Global Issues			Local Issues
	Developing Future Leaders	Environmental Conservation	Improving Traffic Safety	Community Issues
Activities	<ul style="list-style-type: none"> <li>Promoting mental/emotional and physical health through sports</li> <li>Promoting creativity through engineering, manufacturing, and marketing</li> </ul>	<ul style="list-style-type: none"> <li>Environmental education for local communities</li> <li>Respecting biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Providing traffic safety education to the community</li> <li>Raising awareness</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the community with Yamaha Motor's products, human resources, and know-how</li> </ul>

### Developing Future Leaders

#### Supporting women's increased social participation

To raise the social position of women in India and encourage their employment, IYM\* has partnered with the government of Uttar Pradesh in northern India since September 2012 in holding worker training programs for women. Under these programs, 160 women have received training in engine and body assembly on the scooter manufacturing line at our factory in Surajpur, Uttar Pradesh.

During this apprenticeship, trainees are paid wages and are also eligible for the same benefits as employees, including lunch, medical services, and transportation allowances.

After three years of on-the-job training (OJT), participants who pass a test receive a certificate of qualification from an industrial training facility, which they can present to prospective employers. Top trainees

are hired as employees by IYM.

In addition to providing an opportunity for women to earn wages to support their families, IYM is helping to raise the social position of women in India by giving them the confidence to know that they are able to contribute to society.

\* India Yamaha Motor Pvt. Ltd.



### Environmental Conservation

#### Using Yamaha products in cleanup activities at Lake Hamana

Yamaha Motor's personal watercraft business uses Yamaha products to protect the natural environment through cleanup activities at Lake Hamana. Yamaha personal watercraft, sports boats and utility boats approach from the lake and land on the shore on the day of cleanup activities. Using boats on the water to clean the shore areas makes it possible to clean shore areas that cannot be approached by land, expanding the area that is cleaned.

At the most recent event, the fourth of these cleanup activities, 64 participants including Yamaha Motor employees used personal watercraft to cover approximately 5.5 kilometers of beach area at the Osaki shore, and in roughly two hours collected 85 bags (about 100 kilograms) of garbage, which were delivered to the Kosai City sanitation department for disposal.



### Improving Traffic Safety

#### Holding Yamaha Riding Academies around the world

Yamaha Riding Academies (YRAs) are held primarily in Asia, but also in Europe and the Americas, for people who intend to obtain a motorcycle license as well as for people who already have licenses, from elementary school to high school students. In addition to motorcycles, YRAs for all-terrain vehicles, snowmobiles, and personal watercraft are held in some regions.

In India, taking advantage of the fact that scooters are purchased by families, we held a riding training program targeting housewives.

Programs are also held regularly across India in residential areas with condominiums, with the aim of preventing accidents by teaching safe riding and compliance with traffic regulations.



### Community Issues

#### Supporting local schools

In addition to donating scooters and motorcycles and providing technical guidance to schools and kindergartens, the Yamaha Motor Group also

helps to solve issues directly faced by nurseries, schools, and foster care homes for children near its companies.



One of these projects was undertaken by TYM\*1 in Thailand to make bricks for the construction of a library at Wat-Sammakan school. Around 100 employees and Yamaha Club members worked together to mix the clay, shape the bricks, and dry them in the sun.

Also in Thailand, 60 employees of YMPT\*2 went to Watsrihalothai school in Chonburi Province, which had been damaged by floods in September 2014, to repair and paint fences and gates.

In Argentina, YMARG\*3 donated school items to a foster care home for children, and each year the Company visits a foster care home to make repairs to the facilities and visit with the children.

\*1 Thai Yamaha Motor Co., Ltd.

\*2 Yamaha Motor Parts Manufacturing (Thailand) Co., Ltd.

\*3 Yamaha Motor Argentina S.A.

### Employee Volunteer Activities

#### Volunteering through sports activities

The Yamaha Motor Group has held the "40,000 People's V Campaign" since 2004 to raise awareness among employees about volunteering and provide an impetus for participating in



volunteer activities. The aim is for each employee to participate in one volunteer program annually, which translates to 40,000 people across the Group making a social contribution each year.

Shizuoka Prefecture, where Yamaha Motor is headquartered, is one of Japan's best-known regions for soccer and baseball, and more than one-third of our roughly 39,000 employee volunteer programs each year are related to sports. Yamaha Motor supports employees' volunteer activities with a site on our internal intranet that enables employees to establish groups with a shared interest. One of the groups that has been created via this site is the Yamaha Motor Rugby School.

The Yamaha Motor Rugby School is primarily run by former members of the Yamaha Motor Rugby Club, and uses rugby instruction and activities to cultivate a sense of cooperation with friends and consideration of others, and promote physical fitness.



# The Environment

## Strive to harmonize with the environment for sustainable social development

The Yamaha Motor Group aims to be a company that fulfills its corporate social responsibility by striving to maintain harmony with the environment and society based on Yamaha Motor Group Environmental Plan 2020, formulated in 2010.

### Plan for Environmental Activities

#### Yamaha Motor Group Environmental Plan 2020

Action Areas		Priority Actions	2020 Targets
Eco Products	Raise environmental attractiveness through product development from the perspectives of the environment and customers	In the Eco Products area, implement the Frontier 2020 Groupwide long-term vision	
		<ul style="list-style-type: none"> <li>Reduce risks from environmentally hazardous substances</li> <li>Implement green procurement</li> </ul>	Identify environmentally hazardous substances and support the use of alternatives
Eco Operations	Environmental preservation through global business activities that aim to minimize environmental impact	Reduce emissions of greenhouse gases	Reduce CO <sub>2</sub> emissions per unit of sales by 1% (annual average)
		<ul style="list-style-type: none"> <li>Implement the 3 R's through the 3 E's</li> <li>Reduce water consumption</li> </ul> (3 E's: Easy to make, Easy to repair, Easy to disassemble) (3 R's: Reduce, Reuse, Recycle)	Support the effective use and recycling of limited resources
Eco Management	Environmental management through reinforcement of Group environmental governance systems	Create and operate Groupwide environmental management systems	Link Groupwide operations with local activities
Eco Mind	Environmental contributions through diverse initiatives that seek to create a sustainable environment	Change attitudes through continuous environmental education	Have all Group employees actively undertake environmental measures with a high awareness of targets
		<ul style="list-style-type: none"> <li>Improve sensory environments (odors, noise, etc.)</li> <li>Communicate with local communities</li> <li>Preserve ecosystems</li> </ul>	Be trusted and respected as a corporate citizen by local communities
		Proactively disclose information from an environmental perspective	Well received by the community as an environmentally advanced company

### Organizational Structures for Promoting Environmental Management

The Yamaha Motor Group has established an Environment Committee, chaired by the Executive Vice President, as the central organization responsible for the Group's environmental activities in Japan and overseas.

The committee deliberates on policies and visions for the future concerning environmental initiatives, medium- and long-term environmental policies, strategic investment proposals relating to environmental preservation, environmental monitoring topics and responses to issues, and other key issues relating to environmental management.

### Activities to Identify and Reduce Both Direct and Indirect Greenhouse Gas Emissions

The Yamaha Motor Group endeavors to identify greenhouse gas emissions resulting both directly (e.g., from the burning of fuel at factories) and indirectly (e.g., from electricity use at factories and offices) from its corporate activities in each location in which it operates, and to reduce those amounts. In 2014, we were able to reduce the total amount of emissions compared with 2013 through measures including the introduction of energy-saving equipment, even though production volumes increased.

In 2014, the Yamaha Motor Group installed its first heat pump-type\* heating system at an overseas factory, to reduce electrical consumption in surface processing. This was the Group's third heat pump system installed, following the Fukuroi Minami Factory in 2011 and the Hamakita Factory in 2013.

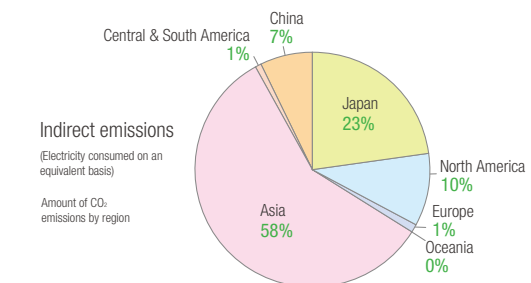
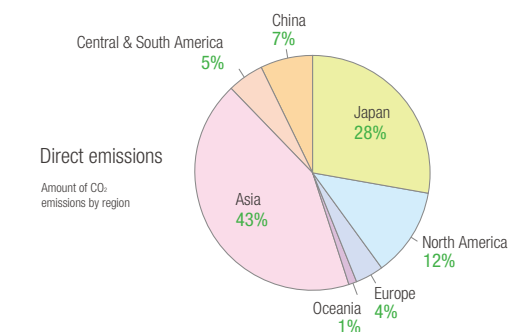
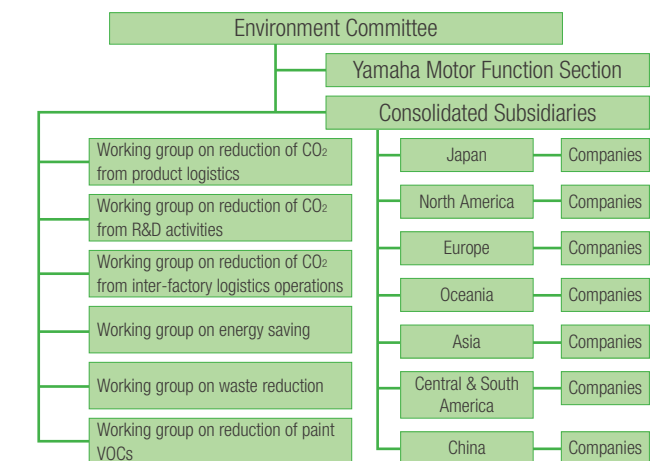
We plan to install heat pump systems at other factories in Japan and overseas going forward. We will also work to more precisely measure direct and indirect emissions in each location, and to further reduce emissions at all factories and offices.

\* A heat pump uses the natural principle that vapor becomes warm when compressed and cools when expanded, to pull in and use heat from the surrounding air. This energy-saving technology creates a large amount of thermal energy with only a small amount of energy input.



Heat pump at factory in Chennai, India

### The Yamaha Motor Group Organizational Structure for Environmental Planning and Promotion



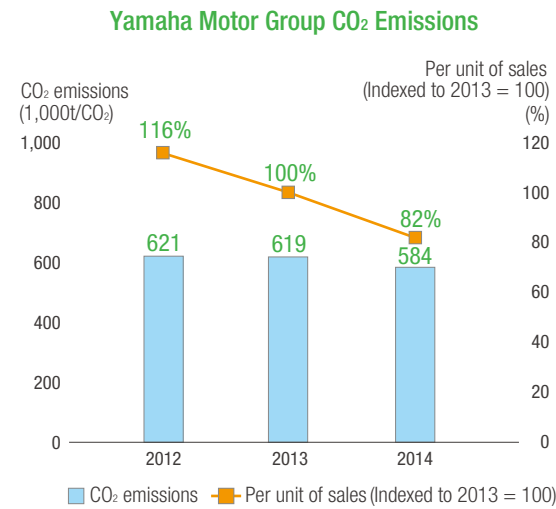


### CO<sub>2</sub> Emissions at the Yamaha Motor Group

As a manufacturer of motorcycles and other transportation machinery, the Yamaha Motor Group considers the reduction of greenhouse gas emissions to be the most critical environmental issue facing the world today.

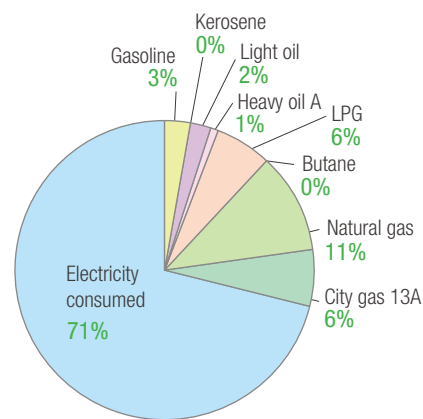
We are targeting an annual 1% reduction in CO<sub>2</sub> emissions per unit of sales as a common goal for the entire Group, and are working to reduce emissions in all of our business activities including product development and manufacturing.

We began working to reduce global utility costs in 2013, with the aim of establishing both economic and environmental considerations (CO<sub>2</sub> reductions). We are also increasing the efficiency of the overall Group by providing the energy-saving technologies developed in Japan to Group companies in Japan and overseas. In 2014, we reduced CO<sub>2</sub> emissions per unit of sales by 17% compared with 2013, resulting in cost reductions of roughly ¥2.3 billion. The Group's CO<sub>2</sub> emissions were reduced by 35 thousand tons, to 584 thousand tons. Going forward, we will step up efforts to reduce energy consumption at domestic and overseas Group companies, aiming to raise our environmental and economic performance on a global scale.



### Energy Input at the Yamaha Motor Group

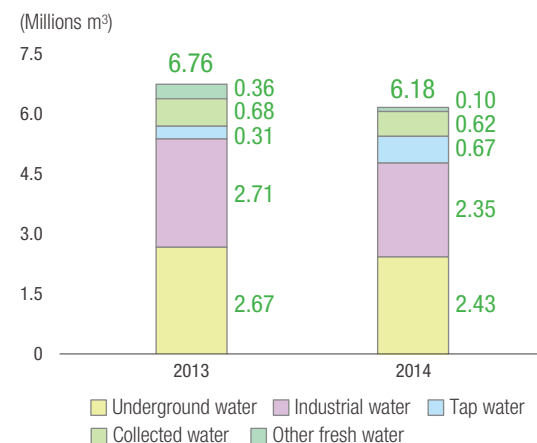
The total amount of energy input at the Yamaha Motor Group in 2014 was 11.05 million GJ, with electricity accounting for approximately 71% (7.90 million GJ). Of this amount, approximately 80% was used in Asia including Japan. We are systematically implementing various measures to reduce the amount of energy used, including the introduction of equipment that makes it possible to analyze and reduce electricity consumption, and the installation of energy-saving equipment at factories and LED lighting in offices.



### Measuring and Reducing Water Resources

The Yamaha Motor Group endeavors to measure the amount of water resources it uses. The Group reduced its use of water resources in 2014 by 0.58 million m<sup>3</sup> compared with 2013, to 6.18 million m<sup>3</sup>, the main components of which were 2.43 million m<sup>3</sup> (39%) of underground water and 2.35 million m<sup>3</sup> (38%) of industrial water.

We strive to use limited water resources effectively, including through recycling. We will continue to strive to measure our global use of water resources, and reduce our water resource consumption through programs including the reuse of coolant water and water collection (rainwater and other sources) at factories.



### TOPICS

#### Development of electrical power drive units for bicycles based on GREEN CORE concept

Yamaha Motor has developed next-generation electrical power assist drive units for bicycles based on the GREEN CORE concept for smart power drive units. These units deliver an enjoyable ride with superior environmental performance due to their compactness, light weight, and high-performance capability—and are being successively rolled out in 2015. These new models achieve a compact, ultra-light weight for a chain resultant force-type unit, with a significant reduction in the amount of rare earth metals used, for high performance in a compact drive unit that achieves the same maximum power as existing units. The weight of the bicycle is further reduced with the use of a lightweight aluminum frame, which, combined with the drive unit's low center of gravity, makes it easy to drive. These stylishly designed drive units will be successively installed in major 2015 PAS models, beginning with the Natura series, and will also be supplied to electrically power assisted bicycle manufacturers in Japan.

We will also continue to develop new drive units based on the GREEN CORE concept going forward.

#### Main features of GREEN CORE-based next-generation drive units

1. Compact and lightweight: Reductions of roughly 16% in size and 20% in weight
2. Low center of gravity: New structural design with center of gravity lowered by 12mm
3. High-performance and power: The same 100Nm maximum torque as existing drive units
4. Environmental considerations: Reductions of 35% in the amount of rare earth metals, 28% in the amount of aluminum, and 40% in the amount of copper wire used



#### Additional global environmental ISO 14001 unified certification

"Eco management" is one of the action areas in Yamaha Motor Group Environmental Plan 2020, and based on this the Group has pursued global environmental ISO 14001 unified certification, which strengthens the Group's environmental governance framework and achieves efficient environmental management operations, at locations in Japan and overseas since April 2012.

This program covers main manufacturing centers representing 39 companies in Japan, Europe, ASEAN, China, Taiwan, India and South America, and as of the end of 2014 unified certification had been obtained by 26 companies (67%).

The Yamaha Motor Group has also introduced an in-house environmental management certification system for companies that have a relatively smaller environmental impact, as part of our global environmental activities.

With this structure, each Group company reports on its environmental activities as part of its management review, and information is reciprocally shared with the headquarters. In addition, shortcomings and examples of improvements are shared throughout the Group to enhance the process for corrections and improvement. In terms of efficiency, unified certification has also led to significant cost reductions.

We will continue to work going forward to obtain unified certification at all of the 39 Group companies.



Team that introduced unified certification at YIMM in 2014



# CORPORATE INFORMATION

Corporate Governance	64
Directors, Audit & Supervisory Board Members, and Executive Officers	74
Comments from an Outside Director and Outside Audit & Supervisory Board Member	77
Organization	78





# Corporate Governance

## Basic Corporate Governance Policies

Yamaha Motor Co., Ltd. (the “Company”) recognizes that corporate governance is an important tool to ensure disciplined management and maximize long-term corporate value. Based on this realization, the Company has been striving to speed up management decision-making; make the accountability system clearer; develop a transparent system of Director selection and remuneration; and establish an internal control system. Because it is one of its most important management issues, the Company also plans to implement other measures to strengthen and solidify corporate governance. At the same time, the Company is enhancing Investor Relations services, in order to build on the relationship of trust with its shareholders and investors.

## Summary of Corporate Governance and Reasons for Adopting the System

### 1) Reasons for adopting current system

The Company maintains an Audit & Supervisory Board Member system, and most of the Company’s Directors are full-time Directors with considerable knowledge of business matters. The Company draws on the supervisory function of outside executives through appointment and had three (3) Outside Directors in addition to two (2) Outside Audit & Supervisory Board Members as of March 27, 2015. The Company also emphasizes efforts to strengthen corporate governance, underpinned by an Executive Officer system, the Executive Personnel Committee, and an internal auditing system.

### 2) Summary of current system

#### Directors and the Board of Directors and Executive Officers

The Company introduced an Executive Officer system to expedite business execution. It then strengthened management supervision by clarifying the respective roles of Executive Officers and the Board of Directors. Executive Officers are responsible for “business execution” itself, while the Board of Directors is charged with “approving the basic policies of the Yamaha Motor Group and supervising the Group’s business execution.”

The Company’s Articles of Incorporation stipulate that the number of Directors shall not be more than fifteen (15). As of March 27, 2015, there were eleven (11) Directors, of whom three (3) were Outside Directors. The Board of Directors will in principle meet once every month, and whenever else it may be necessary.

The Articles also stipulate that resolutions for the election of Directors shall be adopted by a majority of the voting rights held by the shareholders present at the General Meeting of Shareholders. These voting shareholders must hold shares representing, in the aggregate, not less than one-third (1/3) of the voting rights of all shareholders entitled to exercise the rights and not using cumulative votes.

As of March 27, 2015, there were twenty-six (26) Executive Officers, and eight (8) Directors concurrently serving as Executive Officers. A Management Committee comprising ten (10) Executive Officers with specific posts has been formed to deliberate on matters of business execution, speeding up the Company’s decision-making process. The Management Committee meets monthly in principle, with additional meetings held as needed. To ensure accountability, Directors and Executive Officers serve for one-year terms.

In addition, a Global Executive Committee has been established to deliberate on important management policies and issues related to the Group’s management. As of March 27, 2015, the Global Executive Committee had thirty-two (32) members, of whom twenty (20) were Japanese and twelve (12) non-Japanese, comprising the Company’s President and Chief Executive Officer, all Executive Officers with specific posts, and senior local managers of major Group companies. The Global Executive Committee meets at least once a year in principle, with additional meetings held as needed.

#### Executive Personnel Committee

In August 2001, the Company established the Executive Personnel Committee as an advisory body of the Board of Directors, in order to improve transparency in nominating candidates for Director and Executive Officer, and to determine the remuneration for these officers. As of March 27, 2015, the Executive Personnel Committee had five (5) members, comprising the Company’s two (2) Representative Directors and three (3) Outside Directors. The Executive Personnel Committee deliberates on candidates for Director and Executive Officer, the remuneration and bonus system, the composition of the Board of Directors and the Audit & Supervisory Board, and the Executive Officers, and reports to the Board of Directors.

#### Audit & Supervisory Board Members and the Audit & Supervisory Board

As of March 27, 2015, the number of Audit & Supervisory Board Members stood at four (4), of whom two (2) were Outside Audit & Supervisory Board Members. Audit & Supervisory Board Members attend Board of Directors’, Management Committee, and other important meetings, in addition to executing audits, receiving business execution reports from Directors, perusing important documents in the decision-making process, and conducting audits at the Company’s subsidiaries.

In support of these audit services performed by Audit & Supervisory Board Members, the Company has established the Audit & Supervisory Board Members’ Office, with staff exclusively dedicated to assisting auditors. The Audit & Supervisory Board meets monthly in principle, with additional meetings held as needed.

#### Internal Auditing

The Integrated Auditing Division established an Internal Control Auditing Division (consisting of twenty-eight [28] staff members as of March 27, 2015) under the direct control of the President and Chief Executive Officer. The Division audits, based on annual audit plans, the appropriateness, reasonableness, and efficiency of business execution at the Company and each Group company, and submits evaluations and makes proposals.

## Communication among Outside Directors, Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members), Accounting Auditor, Internal Auditing Division, and Internal Control Division

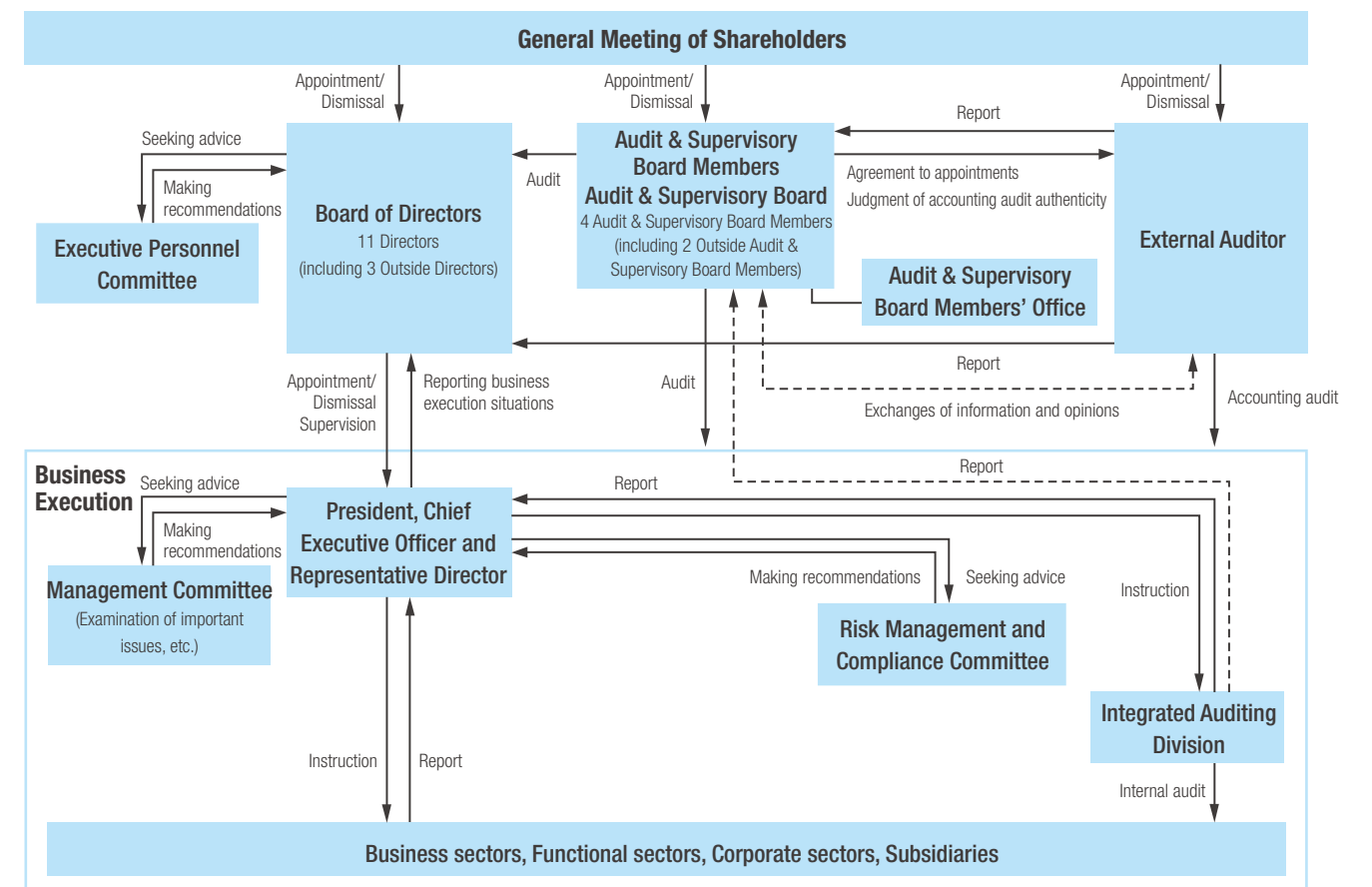
Outside Directors assess the current status of the Group and identify issues of interest through regular receipt of internal audit reports from the Integrated Auditing Division. Opinions are voiced at Board of Directors’

meetings when necessary.

In their association with the Accounting Auditor, Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, receive an auditor’s report, in accordance with prevailing laws, and review the fairness of the report. Both sides pursue communication through the exchange of information and opinions whenever necessary. In their association with the Internal Auditing Division, Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, seek to improve the effectiveness and efficiency of auditors’ audits through access to internal audit plans and reports on the results of audits.

The internal control division offers reports, when necessary, to the Internal Auditing Division, Audit & Supervisory Board Members, and the Accounting Auditor on the status of internal control measures, specifically their establishment and application.

## Yamaha Motor’s Corporate Governance System and Internal Control System (As of March 27, 2015)





**Outside Directors and Outside Audit & Supervisory Board Members**

**1) Function and role of Outside Directors and Outside Audit & Supervisory Board Members in achieving proper corporate governance**

The Company had three (3) Outside Directors and two (2) Outside Audit & Supervisory Board Members as of March 27, 2015.

Outside Directors provide management with advice and supervision from an independent and objective perspective, based on extensive experience and wide-ranging knowledge as managers of global companies, and expertise in strategic planning and investing. Outside Audit & Supervisory Board Members audit the Company using vast experience and knowledge as a corporate executive and professor at the graduate school level and significant expertise as a certified public accountant and attorney.

To evaluate the independence and objectivity of Outside Directors and Outside Audit & Supervisory Board Members, the Company has formulated "Standards for Selecting Independent Outside Officers," based on the standards established by the Tokyo Stock Exchange, Inc. for judging the independence of officers.

Summary of "Standards for Selecting Independent Outside Officers" Independent Outside Officers may not be:

1. Employees or former employees of the Company
2. Major shareholders
3. Individuals in a "major customer" relationship with our corporate group
4. Individuals from companies that have appointed a director from the Yamaha Motor Group
5. Individuals with some other type of vested interest in the Group
6. Individuals who might have a conflict with our general shareholders
7. In office more than eight years

Furthermore, individuals who are second-degree relatives, or cohabiting relatives, of any of those mentioned in 1 through 5 above may not be Independent Outside Officers.

The above is a summary of the "Standards for Selecting Independent Outside Officers." For the full text, please refer to our website at: [http://global.yamaha-motor.com/ir/governance/pdf/independent\\_en.pdf](http://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf)

**2) Appointment of Outside Directors and Outside Audit & Supervisory Board Members**

Positions	Names	Reasons for appointment
Outside Directors	Tamotsu Adachi	Tamotsu Adachi provides management with advice and supervision as an Outside Director, based on his ample experience in international business and in the formulation of management strategy, investment activities and wide range of insights. Mr. Adachi meets the requirements for independence stipulated by the Tokyo Stock Exchange for independent directors and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Takuya Nakata	As President and Representative Director of Yamaha Corporation, a major shareholder of the Company, Takuya Nakata provides management with advice and supervision as a corporate executive, and has been elected as an Outside Director to enhance the value of the Yamaha brand name that is used by both companies. Similarly, the Company's President and Representative Director, Hiroyuki Yanagi, concurrently serves as an Outside Director of Yamaha Corporation.
	Atsushi Niimi	Atsushi Niimi provides management with advice and supervision as an Outside Director, based on his extensive experience and wide-ranging knowledge as a corporate executive at several global organizations. Mr. Niimi meets the requirements for independence stipulated by the Tokyo Stock Exchange for independent directors and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
Outside Audit & Supervisory Board Members	Isao Endo	Isao Endo uses his vast experience and wide-ranging knowledge as a corporate executive and professor at the graduate school level in auditing the Company. Mr. Endo meets the requirements for independence stipulated by the Tokyo Stock Exchange for independent audit & supervisory board members and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Tomomi Yatsu	Tomomi Yatsu uses her significant expertise as a certified public accountant and attorney as well as her knowledge and experience as an outside auditor for a corporation in performing her duty as one of the Company's Audit & Supervisory Board Members (Outside). Ms. Yatsu meets the requirements for independence stipulated by the Tokyo Stock Exchange for independent audit & supervisory board members and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of her designation as an Outside Officer.

**3) Vested interests of the Outside Directors and Outside Audit & Supervisory Board Members at Yamaha Motor Co., Ltd.**

Outside Director Takuya Nakata is President and Representative Director of Yamaha Corporation, which holds 12.18% of the Company's shares, as of December 31, 2014; the Company engages in business transactions with this company.

Outside Director Atsushi Niimi is Chairman & Representative Director of JTEKT Corporation, a company from which the Company procures parts for products. The amount of these transactions is less than "2% of the Company's consolidated aggregate sales for the most recent fiscal year," stipulated in the "Standards for Selecting Independent Outside Officers," and Mr. Niimi is therefore deemed to have no conflict of interest with the Company's general shareholders.

Outside Director Tamotsu Adachi and Outside Audit & Supervisory Board Members Isao Endo and Tomomi Yatsu have no special interests in the Company other than Company shareholdings.

**4) Support structure for Outside Directors and Outside Audit & Supervisory Board Members**

When the Board of Directors' meetings are held, the relevant Executive Officer or business department will provide Outside Directors with explanations of the resolutions to be proposed, as necessary and in advance, and Standing Audit & Supervisory Board Members will provide similar explanations to Outside Audit & Supervisory Board Members. In the event the Outside Officer is unable to attend the meeting, the Outside Officer will be provided with an explanation of the business conducted. In addition, a Management Research Committee has been established as a venue for Outside Directors and Outside Audit & Supervisory Board Members to regularly confer with Executive Officers who are responsible for the execution of business, and it meets following the conclusion of the Board of Directors' meetings.

**Overview of Agreements That Limit Liabilities for Damages**

The Company has entered into agreements with Outside Directors and Outside Audit & Supervisory Board Members, in accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act, which limit these executives' liabilities (as specified in Paragraph 1 of Article 423 of the Companies Act) for damages. The upper limit of liability for damages in the agreements is the amount as specified by laws and regulations.

The Company limits liabilities for damages charged to the Outside Directors and the Outside Audit & Supervisory Board Members only when they acted with goodwill and the liability did not arise because they committed serious negligence in executing their duties.

**Remuneration and Other Compensation for Directors and Audit & Supervisory Board Members**

**1) Policies on determining the amounts of remuneration or the calculation method thereof**

The Company's Directors' Remuneration Plan consists of basic compensation (a monthly salary), Directors' bonuses, reflecting the short-term consolidated performance of the Company, compensation linked to each Director's individual performance, and a stock compensation plan reflecting the medium- to long-term consolidated performance of the Company.

Directors' bonuses shall not exceed 0.5% of the consolidated net income of fiscal 2013, which is calculated correlating with net income and return on assets for the consolidated performance as well as taking into account dividends to shareholders and the level of consolidated performance against the budget. Then the amount calculated is resolved at the Board of Directors' Meeting after the deliberation of the Executive Personnel Committee comprising Representative Directors and Outside Directors.

The stock compensation plan allows Directors to acquire a certain number of the Company's shares monthly through the Company's Director Shareholding Association, and to hold the shares while in office, thus further pegging Director remuneration to shareholder value. However, the performance-based remuneration system and stock compensation plan do not apply to Outside Directors and Audit & Supervisory Board Members.



**2) Directors' remuneration**

Remuneration and other compensation for the Company's Directors and Audit & Supervisory Board Members in fiscal 2014 are as follows.

(Millions of yen)

Officer classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Individual performance-linked		
Directors (13)	309	247	31	45	633
Outside Directors (4)	(28)	—	—	—	(28)
Audit & Supervisory Board Members (4)	77	—	—	—	77
Outside Audit & Supervisory Board Members (2)	(18)	—	—	—	(18)
Total	387	247	31	45	711

**Notes** 1. The annual amount of remuneration for Directors excluding Directors' bonuses shall be ¥540 million or less (including ¥50 million or less for Outside Directors), and the annual amount of remuneration for Audit & Supervisory Board Members shall be ¥90 million or less.

2. The directors' bonuses under "Compensation linked to performance" are the amounts scheduled to be paid.

3. The figures above include amounts for one Director who retired as of the closing of the 79th Ordinary General Meeting of Shareholders, held on March 25, 2014.

4. In addition to the remuneration shown above, ¥46 million was paid as employee salaries to Directors concurrently serving as employees.

**3) Director or Audit & Supervisory Board Member received more than ¥100 million in aggregate remuneration and other compensation**

(Millions of yen)

Name	Officer classification	Company classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
				Directors' bonuses	Individual performance-linked		
Hiroyuki Yanagi	Director	The Company	80	75	—	11	167
Takaaki Kimura	Director	The Company	67	63	—	9	140

**Matters to Be Resolved at the General Meeting of Shareholders That Can Be Adopted at the Board of Directors' Meeting**

- The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, acquire its own shares, in accordance with the provisions of Paragraph 2 of Article 165 of the Company Law. This is to ensure that the Company can acquire its own shares through market transactions or other methods and implement a flexible capital policy response to changes in the management environment.
- The Company's Articles of Incorporation stipulate that in accordance with the provisions of Paragraph 1 of Article 426 of the Company Law, the Company may, by a resolution of the Board of Directors, exempt its Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liabilities for damages arising from negligence of their duties, within the limits prescribed by laws and regulations. This is to ensure that Directors and Audit & Supervisory Board Members can successfully fulfill their expected roles.

- The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends, with June 30 of each year designated as the record date, in accordance with the provisions of Paragraph 5 of Article 454 of the Company Law. This allows the Company flexibility in returning profits to shareholders.

**Special Resolution Requirement for the General Meeting of Shareholders**

The Company has stipulated a special resolution requirement at the General Meeting of Shareholders in the Articles of Incorporation, in accordance with the provision of Paragraph 2 of Article 309 of the Company Law, as follows: The resolution shall be authorized by a two-thirds (2/3) majority of the voting rights held by the holders of shares present at the General Meeting of Shareholders. These voting shareholders must hold shares representing, in the aggregate, not less than one-third (1/3) of the voting rights of all shareholders entitled to exercise the rights.

This relaxes the number of required votes for special resolutions at any General Meeting of Shareholders, enabling shareholder meetings to progress smoothly.

**Improving Investor Relations (IR)**

The Company has been aggressively pursuing IR activities worldwide, designed to ensure accountability by providing shareholders and investors with appropriate, accurate, and timely information regarding the Company's management performance and business operations. Specific activities include quarterly financial results briefings, "IR road shows" for overseas investors, briefings to explain the Company's businesses, efforts to improve information disclosure on the IR website, individual meetings with analysts and media interviews.

**State of Audit**

The Company has designated Ernst & Young ShinNihon LLC as the independent auditing company with review responsibilities for Company audits. Certified Public Accountants who engaged in the certification of audit are as follows.

- Shinji Tamiya  
*Designated Limited Liability and Engagement Partner*
- Takahiro Takiguchi  
*Designated Limited Liability and Engagement Partner*
- Masanori Enomoto  
*Designated Limited Liability and Engagement Partner*

The number of continuous years the Certified Public Accountants have served the Company is omitted because it is under seven (7) years for all of them.

Ernst & Young ShinNihon LLC has introduced a voluntary system for rotating engagement partners in its employ so that none exceeds a certain number of years in continuous service.

Support staff for the audit includes fifteen (15) Certified Public Accountants and nineteen (19) other assistants.

**Basic Policy Regarding the Internal Control System and the State of Its Development**

The Company, in accordance with the Company Law, passed a resolution at a Board of Directors' meeting regarding development of a system to ensure the conduct of its business is appropriate. The Company considers risk management and compliance its most important issues, and is therefore continuing to develop the internal control system.

**1) Systems to ensure Director compliance with laws, regulations, and the Company's Articles of Incorporation**

- The Board of Directors shall supervise Directors in the execution of their responsibilities, to ensure that the Directors exercise the duty of care and duty of loyalty to the standard of good administrators. The Board is also charged with ensuring that all Directors' activities are lawful.

- Audit & Supervisory Board Members, in accordance with the criteria and methodology established by the Audit & Supervisory Board, shall audit the performance of the Directors' duties.
- The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. It shall reinforce this commitment in its Code of Ethics.
- The Company shall form such organizations and develop such rules as necessary to ensure that the Company and its subsidiaries maintain appropriate financial information, and prepare and release reliable financial statements.

**2) Disposition of documentation and other information concerning the performance of Directors' duties**

- Documents and other forms of information storage that detail the execution of duties by Directors are properly produced, stored, and managed through the establishment and application of required in-house rules.
- The Company ensures correct handling of classified information, including the content of documents and other forms of information storage that detail the execution of duties by Directors, through the establishment and application of required in-house rules.
- The Company has the necessary structures and internal rules in place to facilitate timely and accurate disclosure of important corporate information.

**3) Rules relating to risk control against loss**

- A Risk Management and Compliance Committee shall be established to formulate and promote measures for integrated risk control.
- Control of each serious risk factor shall be assigned to a specific section, which shall work to mitigate the risk factor for which it is responsible.
- The necessary in-house rules are in place and are carefully observed to ensure integrated control of individual departmental risk management activities.
- If a serious crisis arises, an Emergency Countermeasures Headquarters shall be established as provided in the Emergency Response Manual, with the President and Chief Executive Officer as its head, in order to minimize the damage and negative impact from the event.

**4) Systems to ensure efficient execution of Directors' duties**

- The authority and responsibilities of the Board of Directors, President and Chief Executive Officer, and sector heads, and the system for transferring authority between them, shall be better defined by strengthening the Board of Directors' Rules, Decision-making Rules, and other important rules. This will allow these officers to execute



their responsibilities more efficiently.

- Resolutions to be proposed at the Board of Directors' Meetings shall first be subject to deliberation by the Management Committee and other relevant committees to ensure they are appropriate and meet procedural criteria for subsequent deliberation by the Board of Directors.
- After the Medium-Term Management Plan and the budget for the fiscal year are formulated, management control systems such as "management by objectives" shall be established to achieve the plan's goals and targets.

**5) Systems to ensure employee compliance with laws, regulations, and the Company's Articles of Incorporation**

- A Risk Management and Compliance Committee shall be established to deliberate and offer opinions concerning compliance measures.
- The Company shall enhance its Code of Ethics, and provide ethics and compliance training appropriate to each position in the Company.
- An internal reporting system shall be established to directly inform top executive management concerning any unlawful act, or the possibility of illegal or improper activity that could damage trust and confidence in the Company.
- The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. It shall reinforce this commitment in its Code of Ethics.
- The Company shall form such organizations and develop such rules as necessary to ensure that the Company and its subsidiaries maintain appropriate financial information, and prepare and release reliable financial statements.

**6) Systems to ensure the Yamaha Motor Group (composed of the Company and its subsidiaries) conducts business appropriately**

- In order to assure proper business conduct by the Group, internal policies shall be established, defining the controlling sectors in charge of each subsidiary, responsibilities, authority, management methods of subsidiaries, and other rules.
- In order to audit the appropriateness of operations of the Company and its subsidiaries, an internal auditing sector shall be established under the direct control of the President and Chief Executive Officer. An internal auditing function shall be established in major subsidiaries as well, and this body shall conduct audits of sections and subsidiaries collaborating with the internal auditing sector of the Company.
- Each Japanese subsidiary, in principle, shall have a Board of Directors and an Audit & Supervisory Board Member; overseas subsidiaries shall design their organizations in accordance with local law.
- At least one Director of each subsidiary shall concurrently serve as a Director, Executive Officer, or employee of another company in the Group.

- The section with oversight for financial information offers guidance and training to subsidiaries to ensure that they handle financial information appropriately.
- The section with oversight for risk management provides subsidiaries with guidance and training on risk management practices.
- The section supervising compliance shall provide subsidiaries with guidance and education on compliance.

**7) Employee to assist Audit & Supervisory Board Members**

An Audit & Supervisory Board Members' Office shall be established with a full-time employee dedicated to assisting the Audit & Supervisory Board Members in the execution of their duties.

**8) Employee assisting Audit & Supervisory Board Members' independence from Directors**

- Any dismissal or personnel changes concerning the employee assisting Audit & Supervisory Board Members in the execution of their duties shall be approved by the Audit & Supervisory Board in advance.
- No employee assisting Audit & Supervisory Board Members in the execution of their duties shall concurrently hold a post involving other business operations. The employee shall perform his or her duties under the direction of the Audit & Supervisory Board Members, whose opinions shall be taken into consideration in evaluating the employee.

**9) Rules concerning Directors and employees reporting to the Audit & Supervisory Board**

Directors and employees shall report on the following matters to the Audit & Supervisory Board periodically, or, when necessary, at its request.

- Establishment and operation of internal control systems, and related matters
- Results of internal audits conducted by the internal audit section
- Operation of the internal reporting system, and receipt of reports
- Director malpractice and/or acts conducted in violation of the law or the Company's Articles of Incorporation
- Incidents that could cause the Company considerable damage

**10) Other systems to ensure effective auditing by Audit & Supervisory Board Members**

- The Representative Directors shall meet with the Audit & Supervisory Board Members periodically to exchange opinions.
- Audit & Supervisory Board Members shall attend important meetings of bodies including the Management Committee, the Risk Management and Compliance Committee, and the Executive Committee.

- The internal audit section shall explain its internal audit plan to Audit & Supervisory Board Members in advance.
- The minutes of the Management Committee meetings and any other meetings that the Audit & Supervisory Board may specify, and Decision-making Forms shall be made available for Audit & Supervisory Board Members' perusal.
- Auditing assistance from outside experts shall be secured when deemed necessary by the Audit & Supervisory Board.

**Equity Holdings**

**1) Total number of companies and amounts on the balance sheet for equity holdings that are not held for the purpose of pure investment**

66 companies    ¥39,886 million

**2) Companies, number of shares, balance sheet amounts, and purpose of holding for equity holdings that are not for pure investment**

**Fiscal 2013**

Companies	Number of shares (Shares)	Balance sheet amounts (Millions of yen)	Purpose of holding
Yamaha Corporation	10,326,701	17,235	To perpetuate a business relationship as companies utilizing a common brand
Toyota Motor Corporation	501,210	3,217	To maintain a stable business relationship
Nippon Seiki Co., Ltd.	1,217,502	2,476	To maintain a stable business relationship
NIPPON STEEL & SUMITOMO METAL CORPORATION	6,174,000	2,173	To maintain a stable business relationship
KOITO MANUFACTURING CO., LTD.	913,000	1,832	To maintain a stable business relationship
NGK SPARK PLUG CO., LTD.	545,000	1,357	To maintain a stable business relationship
Enshu Limited	6,457,395	994	To maintain a stable business relationship
The Shizuoka Bank, Ltd.	825,706	926	To maintain a stable business relationship as a financial institution with which the Company has transactions
Imasen Electric Industrial Co., Ltd.	613,750	926	To maintain a stable business relationship
Mizuho Financial Group, Inc.	2,288,340	830	To maintain a stable business relationship as a financial institution with which the Company has transactions
Akebono Brake Industry Co., Ltd.	1,347,800	630	To maintain a stable business relationship
JTEKT CORPORATION	236,000	422	To maintain a stable business relationship
EXEDY Corporation	105,000	322	To maintain a stable business relationship
Sumitomo Mitsui Financial Group, Inc.	46,355	251	To maintain a stable business relationship as a financial institution with which the Company has transactions
STANLEY ELECTRIC CO., LTD.	100,000	240	To maintain a stable business relationship
MIKUNI CORPORATION	300,794	120	To maintain a stable business relationship
Ahresty Corporation	134,722	113	To maintain a stable business relationship
Sumitomo Mitsui Trust Holdings, Inc.	149,000	82	To maintain a stable business relationship as a financial institution with which the Company has transactions
Mitsubishi UFJ Financial Group, Inc.	113,200	78	To maintain a stable business relationship as a financial institution with which the Company has transactions
TOBA, INC.	10,000	17	To maintain a stable business relationship
Nomura Holdings, Inc.	20,600	16	To maintain a stable business relationship as a financial institution with which the Company has transactions
JEUGIA Corporation	33,000	4	To maintain a stable business relationship
Fuji Heavy Industries Ltd.	1,000	3	To collect information such as the method of providing information to shareholders
Kawasaki Heavy Industries, Ltd.	1,000	0	To collect information such as the method of providing information to shareholders
Honda Motor Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
Hamamatsu Photonics K.K.	100	0	To collect information such as the method of providing information to shareholders
Eisai Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
Bridgestone Corporation	100	0	To collect information such as the method of providing information to shareholders
Canon Inc.	100	0	To collect information such as the method of providing information to shareholders
SUZUKI MOTOR CORPORATION	100	0	To collect information such as the method of providing information to shareholders



## Fiscal 2014

Companies	Number of shares (Shares)	Balance sheet amounts (Millions of yen)	Purpose of holding
Yamaha Corporation	10,326,701	18,536	To perpetuate a business relationship as companies utilizing a common brand
Toyota Motor Corporation	501,210	3,788	To maintain a stable business relationship
KOITO MANUFACTURING CO., LTD.	913,000	3,382	To maintain a stable business relationship
Nippon Seiki Co., Ltd.	1,217,502	3,329	To maintain a stable business relationship
NGK SPARK PLUG CO., LTD.	545,000	2,002	To maintain a stable business relationship
NIPPON STEEL & SUMITOMO METAL CORPORATION	6,174,000	1,857	To maintain a stable business relationship
Imasen Electric Industrial Co., Ltd.	613,750	1,040	To maintain a stable business relationship
The Shizuoka Bank, Ltd.	825,706	914	To maintain a stable business relationship as a financial institution with which the Company has transactions
Mizuho Financial Group, Inc.	2,288,340	797	To maintain a stable business relationship as a financial institution with which the Company has transactions
Enshu Limited	6,457,395	749	To maintain a stable business relationship
Akebono Brake Industry Co., Ltd.	1,347,800	571	To maintain a stable business relationship
KAYABA INDUSTRY CO., LTD.	1,093,000	565	To maintain a stable business relationship
JTEKT CORPORATION	236,000	484	To maintain a stable business relationship
EXEDY Corporation	105,000	305	To maintain a stable business relationship
MIKUNI CORPORATION	618,794	277	To maintain a stable business relationship
STANLEY ELECTRIC CO., LTD.	100,000	262	To maintain a stable business relationship
Sumitomo Mitsui Financial Group, Inc.	46,355	202	To maintain a stable business relationship as a financial institution with which the Company has transactions
Ahresty Corporation	134,722	100	To maintain a stable business relationship
Mitsubishi UFJ Financial Group, Inc.	113,200	75	To maintain a stable business relationship as a financial institution with which the Company has transactions
Sumitomo Mitsui Trust Holdings, Inc.	149,000	69	To maintain a stable business relationship as a financial institution with which the Company has transactions
TOBA, INC.	10,000	18	To maintain a stable business relationship
Nomura Holdings, Inc.	20,600	14	To maintain a stable business relationship as a financial institution with which the Company has transactions
JEUGIA Corporation	33,000	4	To maintain a stable business relationship
Fuji Heavy Industries Ltd.	1,000	4	To collect information such as the method of providing information to shareholders
Hamamatsu Photonics K.K.	100	0	To collect information such as the method of providing information to shareholders
Kawasaki Heavy Industries, Ltd.	1,000	0	To collect information such as the method of providing information to shareholders
Eisai Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
Bridgestone Corporation	100	0	To collect information such as the method of providing information to shareholders
Canon Inc.	100	0	To collect information such as the method of providing information to shareholders
SUZUKI MOTOR CORPORATION	100	0	To collect information such as the method of providing information to shareholders

## 3) Pure investment equity holdings

No related items.

### Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares

Yamaha Motor Co., Ltd. announced that at the Board of Directors' meeting held on March 26, 2015, it had resolved on the continuation of takeover defense measures against attempts of mass acquisition of the Company's shares (the "Plan") for the protection and enhancement of the Company's corporate value and the shareholders' common interests.

The Company, through the resolution at its Board of Directors' meeting held on February 14, 2013, revised the Plan that had been implemented until then from the perspective of protecting shareholders and investors. The fundamental contents of the revision were endorsed by the approval of shareholders at the 78th Ordinary General Meeting of Shareholders held on March 26, 2013. Please refer to the Company's press release dated March 26, 2015, titled "Announcement Concerning the Continuation of Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares," for details of the Plan.

<http://global.yamaha-motor.com/news/2015/0326/prevent.html>



# Directors, Audit & Supervisory Board Members, and Executive Officers

As of April 1, 2015

## Board of Directors



### A President and Representative Director Hiroyuki Yanagi

April 1978: Joined the Company  
 April 2000: General Manager of Soude Factory, Production Control Division, MC Operations and General Manager of Morimachi Factory, Production Control Division, MC Operations  
 April 2003: President of MBK Industrie  
 February 2004: Managing Director of Yamaha Motor India Pvt. Ltd. (currently India Yamaha Motor Pvt. Ltd.)  
 January 2006: Senior General Manager of China Business Operations  
 January 2007: Senior General Manager of SyS Operations, MC Headquarters  
 March 2007: Executive Officer, Senior General Manager of SyS Operations, MC Headquarters  
 January 2009: Executive Officer, Executive General Manager of Manufacturing Center  
 March 2009: Senior Executive Officer, Chief General Manager of Manufacturing Center  
 November 2009: Senior Executive Officer, Senior General Manager of MC Business Section, MC Business Operations  
 March 2010: President, Chief Executive Officer and Representative Director  
 June 2011: Director of Yamaha Corporation (to present)  
 January 2012: President, Chief Executive Officer and Representative Director, Chief General Manager of MC Business Operations  
 January 2015: President, Chief Executive Officer and Representative Director (to present)

### B Representative Director Takaaki Kimura

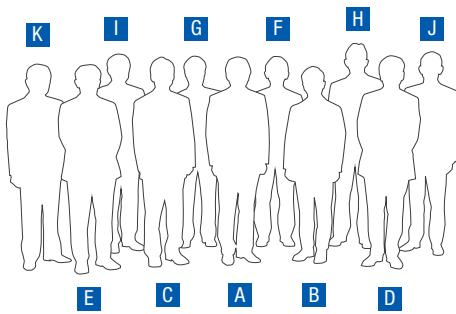
April 1976: Joined the Company  
 June 1999: General Manager of R&D Division, AM Operations  
 April 2002: Senior General Manager of AM Operations  
 June 2003: Executive Officer, Senior General Manager of AM Operations  
 March 2005: Director, Senior General Manager of AM Operations  
 March 2007: Senior Executive Officer and Director, Senior General Manager of AM Operations  
 January 2009: Senior Executive Officer and Director, Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations  
 November 2009: Managing Executive Officer and Representative Director, Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations  
 March 2010: Senior Managing Executive Officer and Representative Director, Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations  
 January 2011: Senior Managing Executive Officer and Representative Director, Chief General Manager of Marine Business Operations  
 January 2012: Senior Managing Executive Officer and Representative Director, Chief General Manager of Technology Center and Chief General Manager of Marine Business Operations  
 April 2013: Senior Managing Executive Officer and Representative Director, Chief General Manager of Technology Center, Chief General Manager of Design Center, and Chief General Manager of Marine Business Operations  
 March 2014: Executive Vice President and Representative Director, Chief General Manager of Technology Center, Chief General Manager of Design Center, and Chief General Manager of Marine Business Operations  
 July 2014: Executive Vice President and Representative Director, Chief General Manager of Technology Center and Chief General Manager of Marine Business Operations (to present)

### C Director Kozo Shinozaki

April 1978: Joined the Company  
 April 1999: Vice President of Siam Yamaha Co., Ltd. (currently Thai Yamaha Motor Co., Ltd.)  
 April 2007: General Manager of Finance & Accounting Division  
 January 2009: Senior General Manager of Finance & Accounting Control, Global Corporate Administrative Center and General Manager of Finance & Accounting Division, Global Corporate Administrative Center  
 January 2010: Senior General Manager of Finance & Accounting Section and General Manager of Finance & Accounting Division, Finance & Accounting Section  
 February 2010: Senior General Manager of Finance & Accounting Section  
 March 2010: Senior Executive Officer and Director, Senior General Manager of Finance & Accounting Section  
 January 2011: Senior Executive Officer and Director, Senior General Manager of Corporate Planning & Finance Section and General Manager of Finance & Accounting Division, Corporate Planning & Finance Section  
 February 2011: Senior Executive Officer and Director, Senior General Manager of Corporate Planning & Finance Section  
 January 2013: Senior Executive Officer and Director, Executive General Manager of Corporate Planning & Finance Center  
 March 2013: Managing Executive Officer and Director, Chief General Manager of Corporate Planning & Finance Center (to present)

### D Director Nobuya Hideshima

April 1978: Joined the Company  
 May 1999: General Manager of Production Control Department, Production Control Division, MC Operations  
 May 2001: General Manager of GSYS Planning Department, GSYS Management Division, GEM Center, MC Operations and General Manager of GSYS Production Control Department, GSYS Management Division, GEM Center, MC Operations  
 April 2003: President of Yamaha Motor Manufacturing Corporation of America  
 January 2006: General Manager of 3rd SyS, SyS Operations, MC Headquarters  
 January 2008: Senior General Manager of Procurement Operations, MC Headquarters  
 January 2009: Executive General Manager of Procurement Center  
 March 2009: Executive Officer, Executive General Manager of Procurement Center  
 March 2010: Senior Executive Officer, Chief General Manager of Procurement Center  
 March 2011: Senior Executive Officer and Director, Chief General Manager of Procurement Center  
 March 2013: Managing Executive Officer and Director, Chief General Manager of Procurement Center  
 January 2014: Managing Executive Officer and Director, Chief General Manager of Engine Unit and Chief General Manager of CS Center (to present)



### E Director Masahiro Takizawa

April 1978: Joined the Company  
 April 2000: General Manager of Business Planning Department, CV Operations  
 October 2002: Senior General Manager of China Business Operations, General Manager of Business Planning Department, MC Operations and General Manager of China Business Strategy Department, China Business Operations, MC Operations  
 February 2004: President of MBK Industrie  
 July 2007: General Manager of Corporate Planning Division  
 January 2009: Senior General Manager of Corporate Planning Control, Global Corporate Administrative Center and General Manager of Corporate Planning Division, Global Corporate Administrative Center  
 March 2009: Executive Officer, Senior General Manager of Corporate Planning Control, Global Corporate Administrative Center and General Manager of Corporate Planning Division, Global Corporate Administrative Center  
 December 2009: Executive Officer, General Manager of Corporate Planning Division  
 March 2010: Senior Executive Officer, Senior General Manager of Corporate Planning Section and General Manager of Corporate Planning Division, Corporate Planning Section  
 January 2011: Senior Executive Officer, Chief General Manager of Business Development Operations  
 March 2011: Senior Executive Officer and Director, Chief General Manager of Business Development Operations  
 March 2013: Managing Executive Officer and Director, Chief General Manager of Business Development Operations  
 January 2015: Managing Executive Officer and Director, New Business and Technology Development Chief General Manager (to present)

### F Director Katsuaki Watanabe

April 1982: Joined the Company  
 January 2004: Director of MBK Industrie  
 January 2005: General Director of Yamaha Motor Vietnam Co., Ltd.  
 January 2007: Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd.  
 January 2009: Senior General Manager of BD Manufacturing Section, Manufacturing Center  
 March 2010: Executive Officer  
 November 2010: Chief General Manager of Manufacturing Center  
 March 2011: Senior Executive Officer  
 April 2013: Senior Executive Officer, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager of Manufacturing Center  
 January 2014: Senior Executive Officer, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager of PF Model Unit  
 March 2014: Senior Executive Officer and Director, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager of PF Model Unit  
 January 2015: Senior Executive Officer and Director, Chief General Manager of MC Business Operations and Executive General Manager of 1st Business Unit, MC Business Operations (to present)

### I Director (Outside) Tamotsu Adachi

April 1977: Joined Mitsubishi Corporation  
 January 1988: Joined McKinsey & Company, Inc. Japan  
 June 1995: Partner of McKinsey & Company, Inc. Japan  
 March 1997: Managing Director of Business Development Department, GE Capital Japan  
 March 1999: President and CEO of Japan Lease Auto Co.  
 December 2000: President and CEO of GE Fleet Services Co.  
 May 2003: Managing Director and Japan Representative of Carlyle Japan LLC  
 June 2003: Director of Benesse Corporation (currently Benesse Holdings, Inc.)  
 November 2007: Managing Director and Co-Representative of Carlyle Japan LLC (to present)  
 June 2009: Director of Benesse Corporation (currently Benesse Holdings, Inc.) (to present)  
 March 2013: Director (to present)

### G Director Toshizumi Kato

June 1986: Joined the Company  
 April 2003: Vice President of IM Company  
 January 2005: Director and President of Yamaha Motor Australia Pty Limited  
 March 2007: President of IM Company  
 March 2008: Executive Officer  
 January 2010: Senior General Manager of Sales Operations, MC Business Operations  
 January 2011: Director and President of Yamaha Motor Corporation, U.S.A.  
 March 2012: Senior Executive Officer, Director  
 March 2014: Senior Executive Officer and Director, Director and President of Yamaha Motor Corporation, U.S.A.  
 January 2015: Senior Executive Officer and Director, Chief General Manager of Vehicle & Solution Business Operations and Senior General Manager of Financial Service Business Development Section (to present)

### J Director (Outside) Takuya Nakata

April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)  
 October 2005: General Manager of PA/MI Division of Yamaha Corporation  
 June 2003: Executive Officer of Yamaha Corporation  
 June 2009: Director & Executive Officer of Yamaha Corporation  
 April 2010: President of Yamaha Corporation of America  
 June 2010: Senior Executive Officer of Yamaha Corporation  
 June 2013: President and Representative Director of Yamaha Corporation (to present)  
 March 2014: Director (to present)

### H Director Yoichiro Kojima

April 1981: Joined the Company  
 October 2001: Director and President of Yamaha Motor Canada Limited  
 July 2006: General Manager of Sales Division, ME Company  
 January 2009: Executive General Manager of ME Business Unit, Marine Business Operations  
 March 2010: Executive Officer  
 March 2012: Senior Executive Officer  
 January 2013: Director and President of PT. Yamaha Indonesia Motor Manufacturing  
 March 2015: Senior Executive Officer and Director, Director and President of PT. Yamaha Indonesia Motor Manufacturing (to present)

### K Director (Outside) Atsushi Niimi

April 1971: Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)  
 June 2000: Director of Toyota Motor Corporation  
 June 2003: Managing Officer of Toyota Motor Corporation  
 June 2004: Director of Toyota Motor Corporation  
 June 2005: Senior Managing Director of Toyota Motor Corporation  
 June 2009: Executive Vice President, Member of the Board of Toyota Motor Corporation  
 Outside Member of the Audit & Supervisory Board of JTEKT Corporation  
 June 2013: Chairman & Representative Director of JTEKT Corporation (to present)  
 March 2015: Director (to present)

MC: Motorcycle  
 SyS: System Supplier  
 AM: Automotive  
 WV: Water Vehicle  
 GEM: Global Engineering & Manufacturing  
 GSYS: Global System Supplier  
 CS: Customer Service  
 CV: Commuter Vehicle  
 BD: Body  
 PF: Platform  
 IM: Intelligent Machinery  
 ME: Marine Engine

## Audit & Supervisory Board Members



### Standing Audit & Supervisory Board Member Hiroshi Ito

April 1980: Joined the Company  
 January 2011: Director and President of Yamaha Motor Manufacturing Corporation of America  
 January 2015: Chief General Manager in charge of planning, Corporate Planning Division, Corporate Planning & Finance Center  
 March 2015: Audit & Supervisory Board Member (to present)



### Standing Audit & Supervisory Board Member Kenji Hironaga

April 1982: Joined the Company  
 February 2010: General Manager of Human Resources Development Division, Human Resources & General Affairs Section  
 September 2014: Chief General Manager in charge of planning, Audit & Supervisory Board Members Office  
 March 2015: Audit & Supervisory Board Member (to present)



### Audit & Supervisory Board Member (Outside) Isao Endo

April 1979: Joined Mitsubishi Electric Corporation  
 October 1988: Joined Boston Consulting Group  
 October 1992: Joined Andersen Consulting (currently Accenture)  
 October 1996: Partner of Andersen Consulting (currently Accenture)  
 September 1997: Partner and Director of Booz Allen Hamilton (currently Booz & Company)  
 May 2000: Managing partner of Roland Berger Japan  
 April 2006: Chairman of Roland Berger Japan (to present)  
 April 2006: Professor, Graduate School of Commerce, Waseda University (to present)  
 May 2011: Director of Ryohin Keikaku Co., Ltd. (to present)  
 March 2013: Audit & Supervisory Board Member (to present)  
 June 2014: Director of Sompō Japan Nipponkoa Holdings, Inc. (to present)  
 Director of Nisshin Steel Co., Ltd. (to present)



### Audit & Supervisory Board Member (Outside) Tomomi Yatsu

April 1983: Joined Tokyo Electron Limited  
 October 1986: Joined Tohmatsu Awoki & Sanwa (currently Deloitte Touche Tohmatsu LLC)  
 September 1990: Registered as a certified public accountant  
 November 2001: Registered as an attorney  
 Joined New Tokyo Law Office  
 (currently Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise)  
 April 2007: Partner of Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise (to present)  
 June 2009: Outside Audit & Supervisory Board Member of CALBEE, Inc. (to present)  
 June 2010: Outside Audit & Supervisory Board Member of Taiho Pharmaceutical Co., Ltd.  
 March 2012: Outside Statutory Auditor of Kokuyo Co., Ltd. (to present)  
 March 2015: Audit & Supervisory Board Member (to present)



**Executive Officers**

President and Chief Executive Officer <b>Hiroyuki Yanagi</b>	Executive Vice President <b>Takaaki Kimura</b> Chief General Manager of Technology Center and Chief General Manager of Marine Business Operations		
Managing Executive Officer <b>Kozo Shinozaki</b> Chief General Manager of Corporate Planning & Finance Center	Managing Executive Officer <b>Nobuya Hideshima</b> Chief General Manager of Engine Unit and Chief General Manager of CS Center	Managing Executive Officer <b>Masahiro Takizawa</b> New Business and Technology Development Chief General Manager	
Senior Executive Officer <b>Katsuaki Watanabe</b> Chief General Manager of Motorcycle Business Operations and Executive General Manager of 1st Business Unit, Motorcycle Business Operations	Senior Executive Officer <b>Toshizumi Kato</b> Chief General Manager of Vehicle & Solution Business Operations and Senior General Manager of Financial Service Business Development Section	Senior Executive Officer <b>Yoichiro Kojima</b> President of PT. Yamaha Indonesia Motor Manufacturing	Senior Executive Officer <b>Ryouichi Sumioka</b> Deputy Chief General Manager of Corporate Planning & Finance Center
Senior Executive Officer <b>Hiroaki Fujita</b> Managing Director of Yamaha Motor India Pvt. Ltd.	Senior Executive Officer <b>Katsuhito Yamaji</b> Chief General Manager of Manufacturing Center	Senior Executive Officer <b>Makoto Shimamoto</b> Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit	
Executive Officer <b>Masato Adachi</b> Deputy Chief General Manager of Marine Business Operations	Executive Officer <b>Tsuneji Suzuki</b> President of Yamaha Motor Powered Products Co., Ltd.	Executive Officer <b>Masaru Ono</b> General Director of Yamaha Motor Vietnam Co., Ltd.	Executive Officer <b>Masaki Asano</b> Managing Director of Yamaha Motor India Sales Pvt. Ltd.
Executive Officer <b>Yoshitaka Noda</b> Senior General Manager of Component Section, Engine Unit	Executive Officer <b>Masahiro Inoue</b> Chief General Manager of Procurement Center	Executive Officer <b>Kazuhiro Kuwata</b> President of Yamaha Motor Europe N.V.	Executive Officer <b>Yoshihiro Hidaka</b> Executive General Manager of 2nd Business Unit, Motorcycle Business Operations
Executive Officer <b>Tatsumi Okawa</b> President of Yamaha Motor Corporation, U.S.A.	Executive Officer <b>Junzo Saitoh</b> Chief General Manager of Human Resources & General Affairs Center	Executive Officer <b>Akihiro Nagaya</b> Chief General Manager of Design Center	Executive Officer <b>Heiji Maruyama</b> Executive General Manager of Automotive Business Unit and Deputy Chief General Manager of Engine Unit
Executive Officer <b>Hirofumi Usui</b> Senior General Manager of Marketing Section, Marine Business Operations	Executive Officer <b>Satohiko Matsuyama</b> Executive General Manager of Recreational Vehicle Business Unit, Vehicle & Solution Business Operations and General Manager of Business Promotion Division, Recreational Vehicle Business Unit, Vehicle & Solution Business Operations		CS: Customer Service PF: Platform

**Comments from an Outside Director and Outside Audit & Supervisory Board Member**



**Takuya Nakata**  
Outside Director

Since becoming an Outside Director last year, I have participated in Yamaha Motor's discussions and decision-making for strategic and business planning. Yamaha Corporation, where I serve as president, obviously shares the Yamaha brand name, but we have other common features as well, including an emphasis on the importance of *Monozukuri*, and the fact that we both provide customers around the world with products that enrich people's lives. On the other hand, operations are carried out differently because of our different business spheres, and I have learned first-hand how Yamaha Motor utilizes its unique features.

I am impressed with the strong leadership and prompt operational execution of Yamaha Motor's management, and I believe these features have driven the success of the Company's initiatives in emerging markets and launches of unique new products during the past year. This type of decisive management is essential if a company is to succeed amid increasingly intense global competition in a changing market environment. At the same time, the Board of Directors needs to take a long-term view to raise corporate value, with an awareness of returns to shareholders. Yamaha Motor's Board of Directors provides appropriate answers to questions from me and my fellow Outside Directors, and respects our opinions. I will continue to offer my opinions from the perspective of a third party, based on my management experience and expertise in a different field of business, to ensure that management decisions are not based solely on short-term, subjective considerations, and that the Company is able to continue to grow while controlling risks.

For Yamaha Motor's management team, unique, highly innovative products are not simply a reflection of corporate logic. Products are created from the position of what the customer actually desires. I believe that this is what enhances Yamaha Motor's corporate value, and I will work toward this end as an Outside Director.



**Isao Endo**  
Outside Audit & Supervisory Board Member

Corporate management requires a balance of centripetal force and centrifugal force. Overall management vision, and strategic direction and policies, represent centripetal force and are the responsibility of headquarters and its operations. On the other hand, the actual execution of business strategies, the creation of value, and the delivery of that value to customers are activities that represent centrifugal force. These are the responsibilities of ground-level operations around the world, and are carried out on a daily basis.

Yamaha Motor is a global company that is engaged in a diverse range of businesses. This means that while the importance of presenting a clear overall vision, as centripetal force, to maintain the cohesiveness of the company cannot be overstated, it is also true that the independence and creativity of ground-level operations, which are in direct contact with markets and customers and are directly exposed to fierce competition, are the centrifugal force that drives Yamaha Motor.

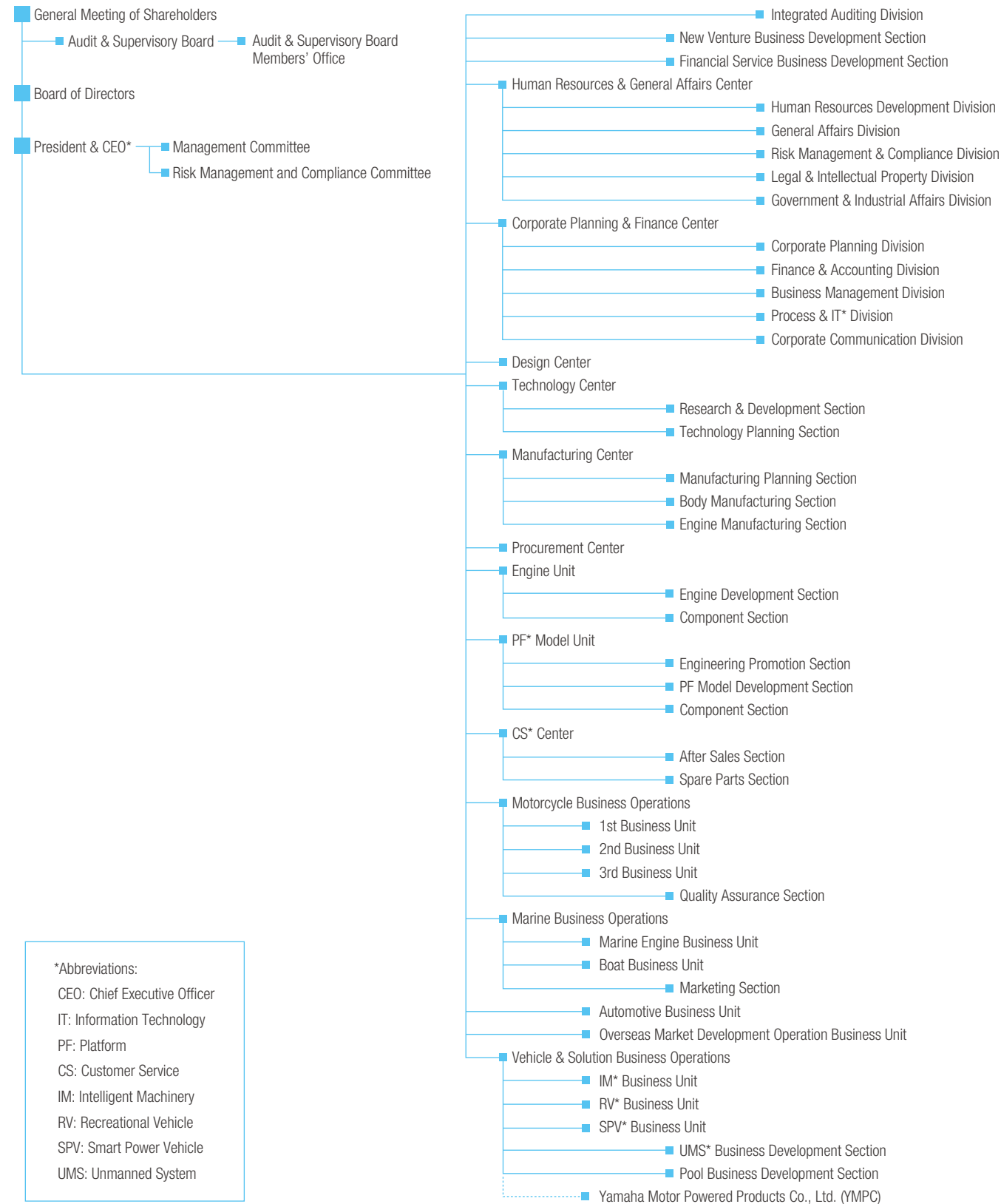
As an Outside Audit & Supervisory Board Member, I offer advice on how to balance this centripetal force and centrifugal force, both in terms of what the appropriate role should be for headquarters and its operations, and how to maximize the capabilities of ground-level operations engaged in carrying out the business in the market.

Yamaha Motor is exceptional in its passion for creating *Kando*, or a sense of excitement, around the world. There are no limits to the potential that this holds, and I believe that Yamaha Motor can become an even greater company. As a member of Yamaha, I will work to contribute to the realization of that potential.



# Organization

Yamaha Motor Co., Ltd., as of April 1, 2015



# Five-Year Summary

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2010, 2011, 2012, 2013 and 2014

	Millions of yen				
	2010	2011	2012	2013	2014
<b>For the year ended</b>					
Net sales	¥1,294,131	¥1,276,159	¥1,207,675	¥1,410,472	¥1,521,207
Sales by market:					
Japan	142,378	146,503	152,283	147,806	162,824
Overseas	1,151,752	1,129,656	1,055,391	1,262,665	1,358,383
Sales by product:					
Motorcycles	914,211	887,556	798,676	928,203	977,580
Marine products	167,141	178,929	196,320	243,362	276,367
Power products	102,968	100,257	103,588	126,722	142,204
Industrial machinery and robots	34,758	34,326	30,813	32,261	38,942
Other products	75,051	75,089	78,276	79,922	86,113
Cost of sales	998,565	1,000,113	972,607	1,091,706	1,148,357
Operating income	51,308	53,405	18,598	55,137	87,249
Ordinary income	66,142	63,495	27,267	60,092	97,279
Net income	18,300	26,960	7,489	44,057	68,452
Capital expenditures	33,939	45,049	48,788	56,800	65,871
Depreciation expenses	36,594	33,578	34,278	36,407	37,667
<b>At year-end</b>					
Total assets	¥ 978,343	¥ 900,420	¥ 962,329	¥1,146,591	¥1,310,040
Net assets	310,809	309,914	341,561	422,792	503,224

	Yen				
<b>Per share amounts</b>					
Net income—basic	¥ 55.50	¥ 77.23	¥ 21.45	¥ 126.20	¥ 196.06
Net income—diluted	55.50	77.23	—	126.20	196.04
Cash dividends	0.00	15.50	10.00	26.00	40.00
<b>Number of employees</b>					
	52,184	54,677	53,958	53,382	52,662

\*Abbreviations:  
CEO: Chief Executive Officer  
IT: Information Technology  
PF: Platform  
CS: Customer Service  
IM: Intelligent Machinery  
RV: Recreational Vehicle  
SPV: Smart Power Vehicle  
UMS: Unmanned System



# Financial Data by Market

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2013 and 2014

## Motorcycle unit sales by market

	Thousand units	Thousand units	% change
	2013	2014	2014/2013
Japan	109	123	13.3%
North America	76	79	3.1
Europe	162	191	18.3
Asia <sup>Note</sup>	5,077	4,819	(5.1)
Others	590	587	(0.5)
Total	6,014	5,799	(3.6)%

**Note** Excluding Japan

## Sales by market

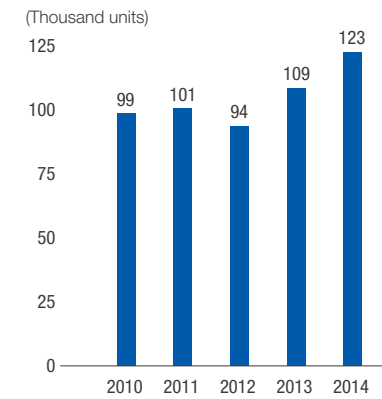
	Motorcycles			Marine products			Power products		
	Millions of yen	% change		Millions of yen	% change		Millions of yen	% change	
	2013	2014	2014/2013	2013	2014	2014/2013	2013	2014	2014/2013
Japan	¥37,361	¥45,987	23.1%	¥26,331	¥26,612	1.1%	¥15,943	¥17,204	7.9%
North America	50,315	53,357	6.0	124,658	145,081	16.4	68,053	84,467	24.1
Europe	88,985	116,037	30.4	36,844	41,697	13.2	25,413	23,011	(9.5)
Asia <sup>Note</sup>	610,030	612,159	0.3	12,053	16,051	33.2	6,870	5,723	(16.7)
Others	141,510	150,038	6.0	43,473	46,924	7.9	10,441	11,796	13.0
Total	¥928,203	¥977,580	5.3%	¥243,362	¥276,367	13.6%	¥126,722	¥142,204	12.2%

	Industrial machinery and robots			Other products		
	Millions of yen	% change		Millions of yen	% change	
	2013	2014	2014/2013	2013	2014	2014/2013
Japan	¥12,179	¥13,776	13.1%	¥55,991	¥59,242	5.8%
North America	1,796	2,012	12.0	0	2	3598.3
Europe	3,930	5,206	32.5	1,618	2,240	38.4
Asia <sup>Note</sup>	14,152	17,409	23.0	3,423	3,687	7.7
Others	202	538	166.0	18,888	20,940	10.9
Total	¥32,261	¥38,942	20.7%	¥79,922	¥86,113	7.7%

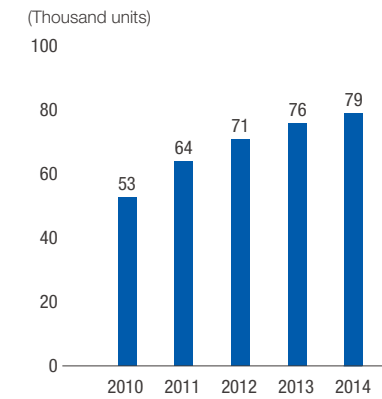
**Note** Excluding Japan

## Motorcycle unit sales

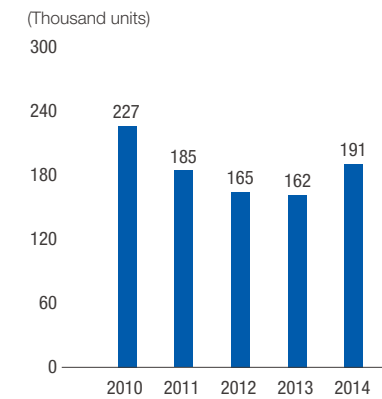
### Japan



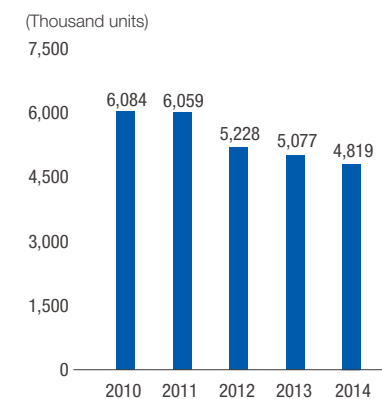
### North America



### Europe



### Asia



### Others





# Management Discussion and Analysis of Operations

## Overview

In the fiscal year ended December 31, 2014 (fiscal 2014), the global economy faced a sense of uncertainty. These doubts were particularly felt throughout the economies of developed countries despite a general recovery trend emerging, and the lull in economic growth in emerging markets persisted.

In the U.S. economy, gradual recovery continued due to improvements in employment and personal income. In Europe, recovery slowed in the second half of the year due to factors including the return of the debt crisis in Greece and currency instability in Russia. In Japan, although the yen further depreciated and stock prices remained high owing to the effects of the government's monetary easing policy, consumer spending fell as a result of the hike in the consumption tax. In emerging markets, although India experienced a recovery, a market where growth is expected, a lull in economic growth continued in ASEAN, China, South America, and other regions.

Moreover, the U.S. dollar, euro, and other currencies of developed countries remained strong against the yen, and the so-called depreciation of the yen continued even further. On the other hand, the Indonesian rupiah, Brazilian real, and other emerging-market currencies remained weak against the U.S. dollar, and, as a result, import costs increased and inflation rose in these countries.

## Sales and Operating Income

Sales and profit from all business segments increased in fiscal 2014.

Consolidated net sales were ¥1,521.2 billion (an increase of ¥110.7 billion, or 7.9%, year on year). Sales in all business segments rose due to factors including an increase in sales resulting from expansion of the product lineup, an increase in sales of high-priced products, and the impact of yen depreciation resulting from the strength of currencies from developed countries.

Operating income increased to ¥87.2 billion (an increase of ¥32.1 billion, or 58.2%, year on year). From a global perspective, profit rose in developed countries as higher sales and the impact of yen depreciation more than offset increases in development expenses and other items.

Profit also increased in emerging markets as higher sales and the impact of cost reductions exceeded increases in purchasing costs owing to currency depreciation, among other factors.

## Sales Performance by Business Segment

### Motorcycles

Overall net sales of the motorcycle business rose ¥49.4 billion, or 5.3%, year on year, to ¥977.6 billion, and operating income rose ¥14.6 billion, or 174.0%, year on year, to ¥22.9 billion.

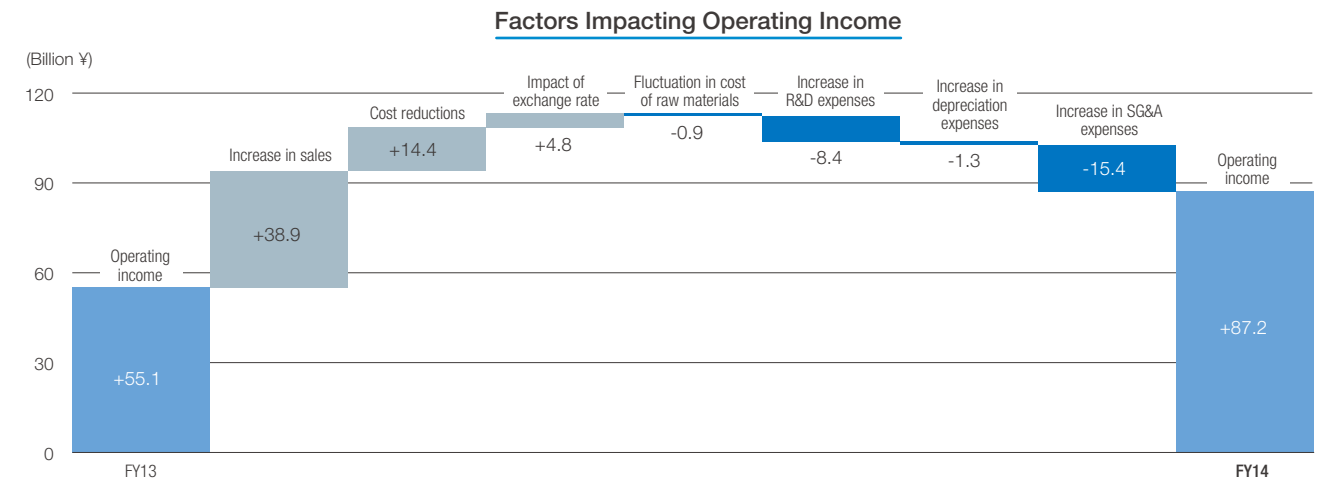
Unit sales in developed countries grew 13%, owing to the bottoming out of demand and a sales increase from new product introductions. In emerging markets, unit sales rose 23% in India as a result of an increase in total demand and new product introductions. In ASEAN markets, sales fell 9% on a decrease in total demand and 2014 was model switch timing. Many new model launches are expected in 2015. Overall unit sales in the motorcycle business fell 4%, to 5.8 million units.

Key new product introductions included the MT-09 and MT-07, additions to the MT series, a product line unique to Yamaha; the R1 and R25, additions to the R series of motorcycles that draw on the Yamaha tradition of racing technology; the Nozza Grande, Grand Filano, and Mio 125 ASEAN commuter bikes equipped with the BLUE CORE next-generation air-cooled engine; and the Cygnus  $\alpha$  scooter and FZS FI sports bike for the Indian market.

Overall net sales rose on increased sales in developed countries, India, and other markets, which exceeded a sales decline in ASEAN markets. Operating income rose as the increase in net sales, cost reductions, and the impact of yen depreciation more than offset the impact of depreciation of emerging market currencies and higher development costs.

### Marine Products

Overall net sales of the marine products business rose ¥33.0 billion, or 13.6%, year on year, to ¥276.4 billion, and operating income rose ¥14.0 billion, or 44.1%, year on year, to ¥45.8 billion. Strong brand power stemming from



overall business strength, reliability, networks, and other assets has resulted in a highly profitable business model.

In North America, the increase in sales of large motors was striking, the result of a continuing recovery in overall demand in the lake, river and ocean markets and a progressing product shift from inboard motors to outboard motors. Sales rose in emerging markets as well.

Key new product launches included the F175 large motor, the F115 medium-sized motor, the F4/5/6 small motors made in Thailand, and FX and FZS personal watercraft adopted new technologies.

Sales and profit increased as a result of factors including higher sales of large outboard motors, cost reductions and the impact of yen depreciation, as well as the introduction of new personal watercraft and boats.

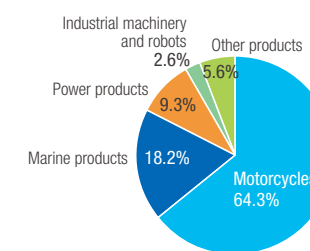
### Power Products

Overall net sales of the power products business rose ¥15.5 billion, or 12.2%, year on year, to ¥142.2 billion, and operating income rose ¥1.3 billion, or 23.9%, year on year, to ¥6.5 billion.

Overall sales and profit rose on higher sales of

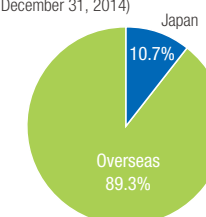
## Percentage of sales by product segment

(Year ended December 31, 2014)



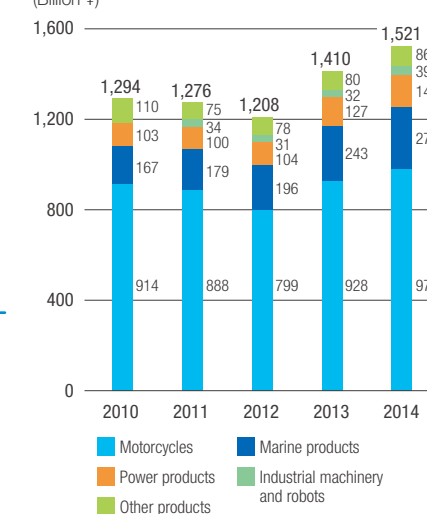
## Percentage of sales by market

(Year ended December 31, 2014)



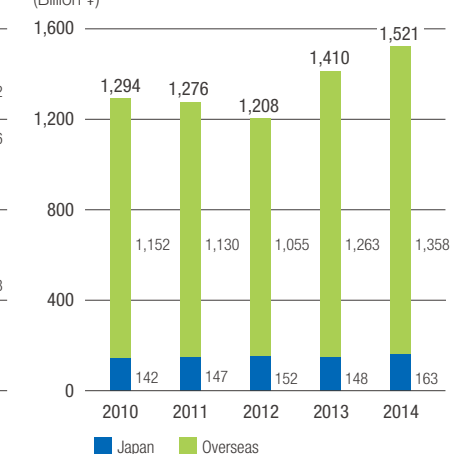
## Sales by product segment

(Billion ¥)



## Sales by market

(Billion ¥)



**Note** "Industrial machinery and robots," which was previously included in the "Other products" segment, is being reported in a separate segment effective from fiscal 2011.



recreational off-highway vehicles (ROVs) due to the introduction of the VIKING VI, the second product in the VIKING lineup. As well as expanded lineup of snowmobiles and golf cars.

**Industrial Machinery and Robots**

Overall net sales of the industrial machinery and robots business rose ¥6.7 billion, or 20.7%, year on year, to ¥38.9 billion, and operating income rose ¥2.0 billion, or 63.8%, year on year, to ¥5.0 billion.

Sales of surface mounters increased in China, Asia, and Europe due to a recovery in capital investment and the introduction of new medium-speed and high-speed mounters. In addition, the Company prepared a strategy for full-scale entry into the high-speed mounter market from a transfer of assets from Hitachi High-Tech Group.

**Other Products**

Overall net sales of the other products business rose ¥6.2 billion, or 7.7%, year on year, to ¥86.1 billion, and operating income rose ¥0.3 billion, or 5.2%, year on year, to ¥7.0 billion.

Sales of electrically power assisted bicycles rose, owing to an expanded lineup of models equipped with the triple sensor system and an increase in E-kit (electrically power assisted bicycle system kit) exports to Europe. In addition, the Company introduced the GREEN CORE next-generation smart power drive unit and the E-VINO electric scooter, which offers both performance and low cost.

Sales of automobile engines also increased, leading to overall increases in both sales and profit.

**Sales Performance and Operating Income by Geographical Segment <sup>Note 1</sup>**

**Japan**

Net sales in Japan increased ¥62.9 billion, or 10.6%, year on year, to ¥659.0 billion, and operating income increased ¥8.2 billion, or 28.2%, to ¥37.2 billion.

Unit sales increased overall, including sales of motorcycles in Japan and for the European and North American markets, mainly the MT series, and sales of large outboard motors for the North American market, as well as exports of the E-kit.

**North America**

Net sales in North America increased ¥45.2 billion, or 16.7%, year on year, to ¥315.2 billion, and operating income increased ¥6.6 billion, or 124.8%, year on year, to ¥11.9 billion.

Unit sales of large outboard motors, ROVs and golf cars increased.

**Europe**

Net sales in Europe increased ¥30.1 billion, or 18.8%, year on year, to ¥190.3 billion, and operating income increased ¥15.6 billion, to ¥4.8 billion, from the ¥10.8 billion operating loss in the previous fiscal year.

Unit sales of motorcycles increased due to the impact of new product introductions, including the MT series.

**Asia**

Net sales in Asia (excluding Japan) increased ¥15.4 billion, or 2.2%, year on year, to ¥720.3 billion, while operating income decreased ¥3.0 billion, or 10.0%, year on year, to ¥27.5 billion.

Unit sales of motorcycles decreased in the ASEAN market overall, although they increased in India and Taiwan. The impact of yen depreciation contributed to the increase in net sales.

**Others**

Net sales in other areas increased ¥12.2 billion, or 7.2%, year on year, to ¥182.6 billion, and operating income increased ¥3.2 billion, or 46.0%, year on year, to ¥10.0 billion.

Unit sales of motorcycles increased in Brazil, Colombia, Mexico and other markets.

**Note 1** Net sales by geographical segment information includes intersegment sales.

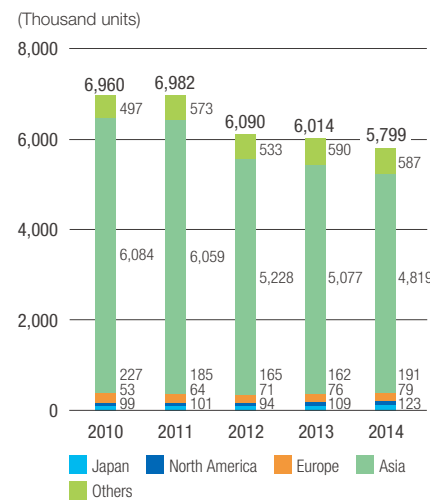
**Income and Expenses**

**Cost of Sales, Gross Profit and SG&A Expenses**

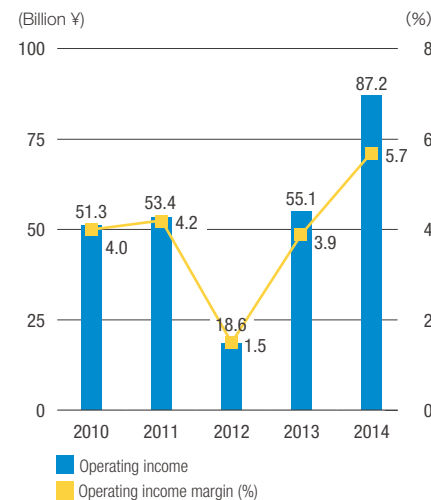
The cost of sales for fiscal 2014 increased ¥56.7 billion, or 5.2%, year on year, to ¥1,148.4 billion, representing 75.5% of net sales.

Gross profit increased ¥54.1 billion, or 17.0%, to

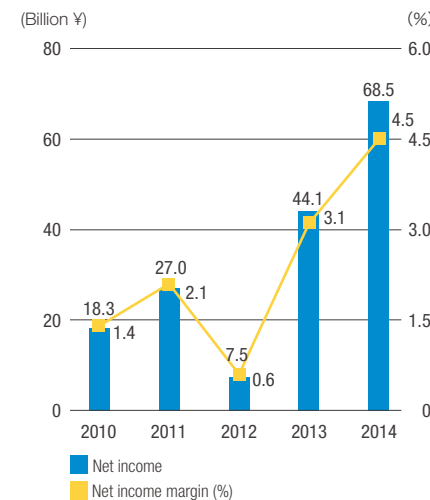
**Motorcycle unit sales**



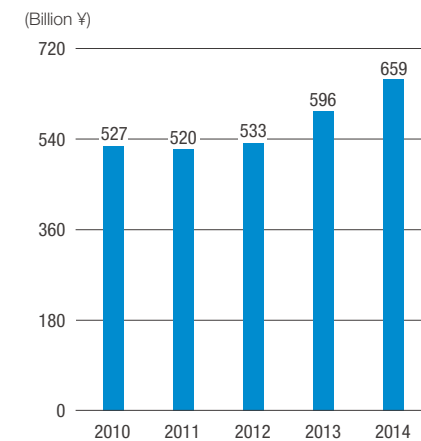
**Operating income and operating income margin**



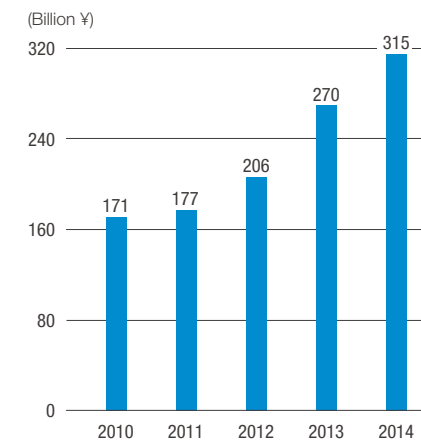
**Net income and net income margin**



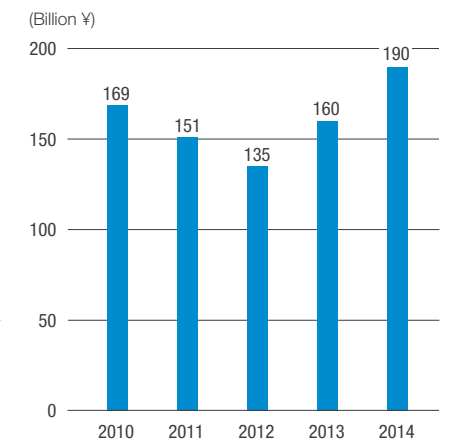
**Sales by geographical segment — Japan <sup>Note 1</sup>**



**Sales by geographical segment — North America <sup>Note 1</sup>**



**Sales by geographical segment — Europe <sup>Note 1</sup>**





¥372.8 billion, reflecting increased sales, cost reductions, an improvement in model mix, and yen depreciation. The gross profit margin rose 1.9 percentage points, to 24.5%.

Selling, general and administrative (SG&A) expenses increased ¥22.0 billion, or 8.3%, to ¥285.6 billion. This was mainly because of increased spending on advertising, and the effect of yen depreciation on foreign currency conversions. As a percentage of net sales, SG&A expenses rose 0.1 percentage point, to 18.8%.

R&D expenses included in general and administrative expenses and manufacturing costs increased ¥8.4 billion, or 11.1%, year on year, to ¥84.5 billion.

R&D Expenses

The Yamaha Motor Group pursues continuous growth as an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market, with the aim of being a “Kando Creating Company.” Our *Monozukuri* (engineering, manufacturing and marketing) standards are original and innovative concepts underpinned by outstanding technologies based on the unique style of Yamaha, projecting a “refined dynamism” in design.

We continuously pursue the three areas of “enjoyment in personal mobility,” “innovative technologies that harmonize with people, society and the Earth,” and “fulfilling lifestyles.” Our R&D activities seek to offer original, innovative solutions that build on our optimal control technologies for power sources, vehicle bodies, boats and airframes, to create products that incorporate logic and emotion through core technologies including high performance, light weight, fuel efficiency and compactness, with an emphasis on original styling, shape, material and appeal to fascinate our customers.

By delivering products that embody the unique style of Yamaha, we seek to create strong connections with customers around the world. Our global R&D structure is at the core of these efforts, and we are proactively pursuing R&D activities in close cooperation with affiliated companies in Japan and overseas.

Operating Income

Operating income for fiscal 2014 was ¥87.2 billion, a ¥32.1 billion, or 58.2%, increase year on year. This resulted in a 1.8 percentage point increase in the operating income

margin, to 5.7%.

The motorcycle business recorded a ¥14.6 billion, or 174.0%, increase in operating income, to ¥22.9 billion. Operating income rose as the increase in net sales, cost reductions, and the impact of yen depreciation more than offset the impact of depreciation of emerging market currencies and higher development costs.

Operating income in the marine products business was ¥45.8 billion, a ¥14.0 billion, or 44.1%, increase year on year. This was driven by higher sales of large outboard motors, cost reductions and the impact of yen depreciation, as well as the introduction of new personal watercraft and boats.

The power products business recorded operating income of ¥6.5 billion, for a ¥1.3 billion, or 23.9%, increase year on year. This reflected increased sales of ROVs and an expanded lineup of snowmobiles and golf cars.

In the industrial machinery and robots business, operating income increased ¥2.0 billion, or 63.8%, to ¥5.0 billion. This is due to factors including an increase in sales of surface mounters.

Operating income in the other products business was

¥7.0 billion, a ¥0.3 billion, or 5.2%, increase year on year. Increased sales of electrically power assisted bicycles and automobile engines led to overall profit growth.

Non-Operating Income and Expenses

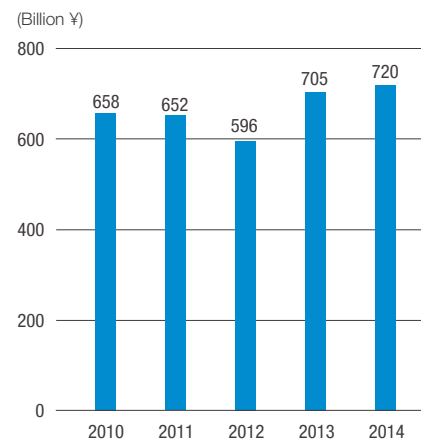
Net non-operating income was positive in the amount of ¥10.0 billion, which was ¥5.1 billion, or 102.4%, more than in the previous year. This included ¥5.1 billion of foreign exchange gains, compared with ¥7.3 billion of foreign exchange losses in the previous year.

Extraordinary Income and Loss

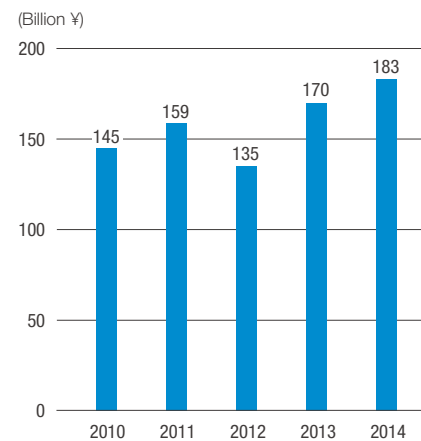
Extraordinary income totaled ¥1.9 billion, marking a ¥1.6 billion, or 515.5%, increase year on year. The main item was a ¥1.4 billion gain on change in equity, compared with none in the previous year.

Extraordinary losses totaled ¥1.3 billion, for a ¥1.4 billion, or 51.0%, decrease year on year. The main extraordinary losses were a ¥1.0 billion loss on disposal of non-current assets, compared with ¥1.1 billion in the previous year, and a ¥0.2 billion loss on sales of non-current assets, compared with ¥0.4 billion in the previous year.

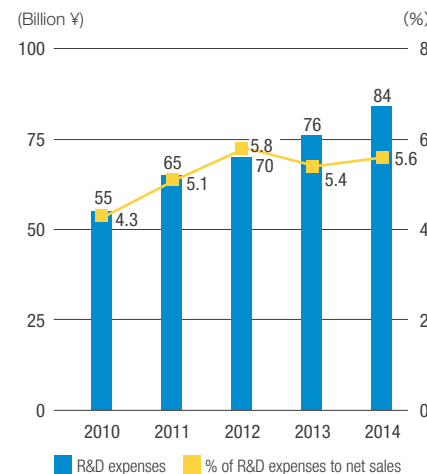
Sales by geographical segment —Asia Note 1



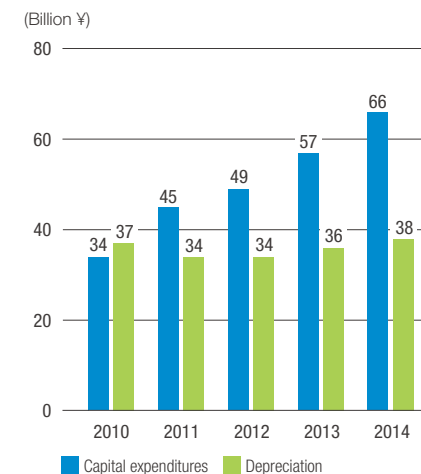
Sales by geographical segment —Others Note 1



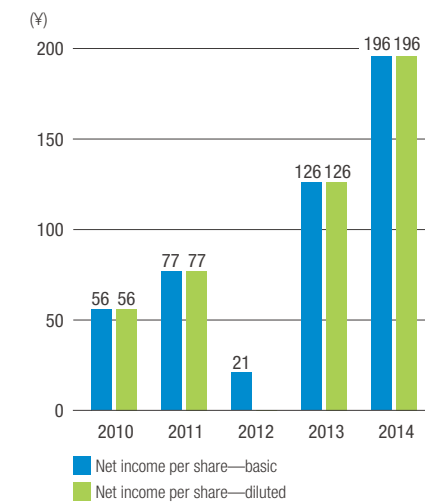
R&D expenses and % of R&D expenses to net sales



Capital expenditures and depreciation

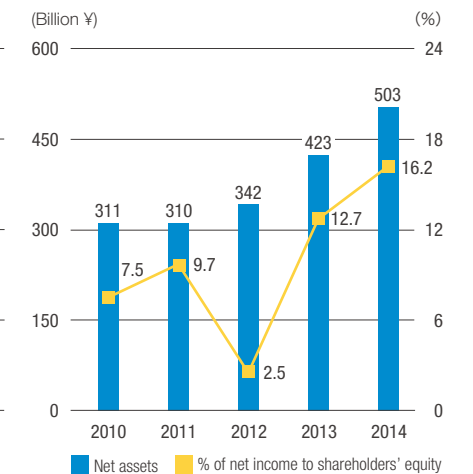


Net income per share



Note Net income per share—diluted for fiscal 2012 is not listed as there were no potential shares with dilutive effect.

Net assets and % of net income to shareholders' equity





**Income before Income Taxes**

Income before income taxes for fiscal 2014 increased ¥40.1 billion, or 69.6%, year on year, to ¥97.8 billion.

**Income Taxes**

Income taxes increased ¥16.1 billion, or 196.9%, year on year, to ¥24.3 billion. This increase was due to the recording of income taxes—deferred along with the additional recording of deferred tax assets at overseas subsidiaries in fiscal 2013.

**Minority Interests in Income**

Minority interests in income include interests owned by minority shareholders in PT. Yamaha Indonesia Motor Manufacturing, Yamaha Motor Taiwan Co., Ltd., Yamaha Motor Vietnam Co., Ltd., and Industria Colombiana de Motocicletas Yamaha S.A., and decreased ¥0.4 billion, or 6.8%, year on year, to ¥5.0 billion.

**Net Income**

Net income for fiscal 2014 increased ¥24.4 billion, or 55.4%, year on year, to ¥68.5 billion. Basic net income per share grew ¥69.86, to ¥196.06 in fiscal 2014 from ¥126.20 in fiscal 2013.

**Capital Resources and Liquidity**

**Assets, Liabilities and Total Net Assets**

Total assets at the end of the fiscal year ended December 31, 2014 rose ¥163.4 billion from the end of the previous fiscal year, to ¥1,310.0 billion. Current assets rose ¥99.0 billion, mainly from increases in inventories and accounts receivable—trade, and non-current assets rose ¥64.4 billion, mainly from an increase in property, plant and equipment.

Total liabilities rose ¥83.0 billion to ¥806.8 billion, reflecting such factors as increases in interest-bearing debt and accounts payable—trade.

Total net assets increased ¥80.4 billion to ¥503.2 billion, reflecting such factors as net income of ¥68.5 billion, dividends paid of ¥10.6 billion, and a change in foreign currency translation adjustment of ¥28.8 billion due to yen depreciation. As a result, the shareholders' equity ratio as of December 31, 2014 was 35.1% (an improvement of 1.6 percentage points from the end of the previous year). The net debt-equity ratio was 0.6 times, compared with 0.7 times at the end of the previous year.

**Note 2** Equity ratio: (Shareholders' equity + Accumulated other comprehensive income) / Total assets x 100 (%)

**Capital Expenditures**

The Group made investments of ¥65.9 billion in total during fiscal 2014.

In the motorcycle business, investments of ¥41.4 billion were made for new products in domestic and overseas, enhancement of production capacity in India, and restructuring of the domestic manufacturing system.

In the marine products business, investments of ¥11.4 billion were made for new products, research and development, and restructuring of the domestic manufacturing system.

In the power products business, investments of ¥6.2 billion were made for the factors such as new products or ROVs.

In the industrial machinery and robots business, investments of ¥0.7 billion were made for new products and research and development.

In other products business, investments of ¥6.2 billion were made for factors such as automobile engine production facilities, research and development of smart power vehicles.

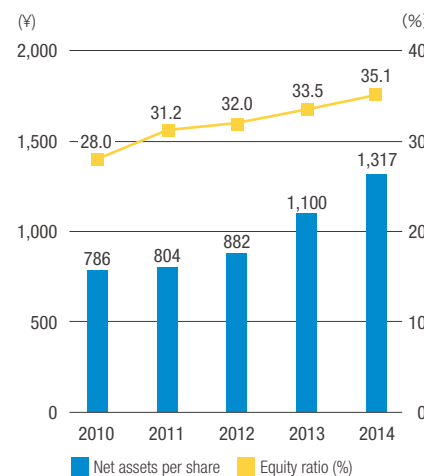
**Cash Flows**

Net cash provided by operating activities during fiscal 2014 was ¥93.6 billion (¥67.0 billion in net cash provided during fiscal 2013), reflecting factors including income before income taxes and minority interests of ¥97.8 billion (¥57.7 billion) and an increase of ¥28.3 billion in working capital (an increase of ¥6.4 billion) accompanying the increase in sales.

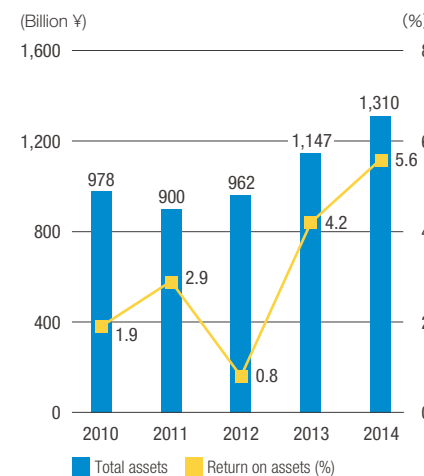
Net cash used in investing activities during fiscal 2014 was ¥72.5 billion (¥62.7 billion in net cash used during fiscal 2013), as a result of factors including ¥61.9 billion for the purchase of property, plant and equipment and intangible assets (¥53.4 billion) for purposes including capital investments, mainly for production capacity increases in India.

Net cash used in financing activities during fiscal 2014 was ¥8.9 billion (¥3.6 billion in net cash provided during fiscal 2013), due to factors including ¥10.6 billion in cash dividends paid.

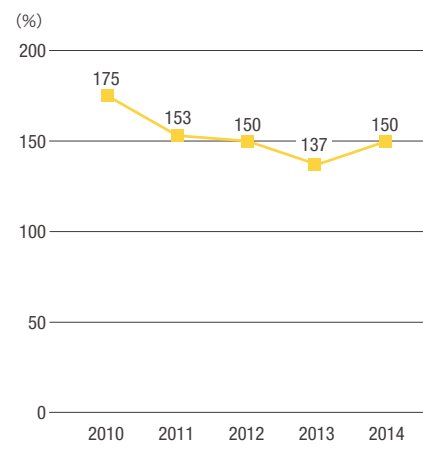
**Net assets per share and equity ratio** Note 2



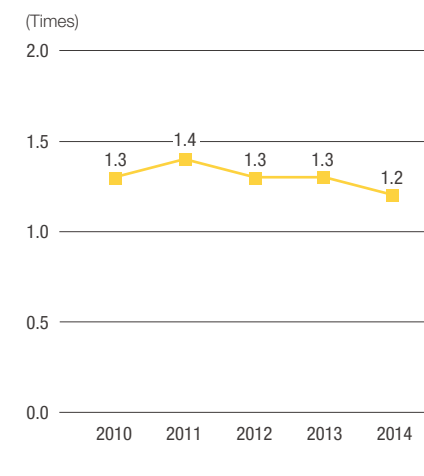
**Total assets and return on assets**



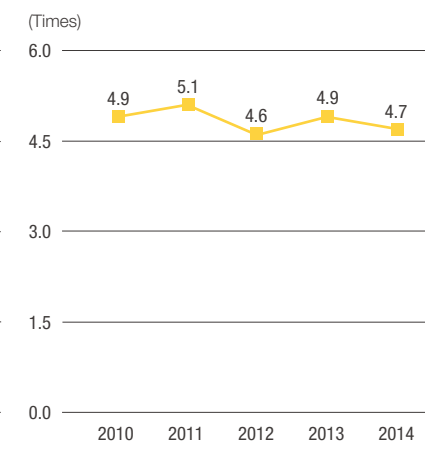
**Current ratio**



**Total asset turnover**



**Property, plant and equipment turnover**



**Inventory turnover**





As a result of the activities discussed above, free cash flows for fiscal 2014 were a positive ¥21.1 billion. Interest-bearing debt at the end of the fiscal year was ¥403.7 billion, and cash and cash equivalents totaled ¥137.3 billion. Interest-bearing debt included ¥186.7 billion in borrowings for sales finance.

**Demand for Funds**

The Group's fund requirements are primarily to cover the cost of procuring materials and parts used in product manufacturing and costs incurred in the manufacturing process, as well as purchasing costs for products and merchandise, SG&A expenses, working capital and capital expenditures.

The Group made investments of ¥65.9 billion in total during fiscal 2014.

In the motorcycle business, investments of ¥41.4 billion were made for new products in domestic and overseas, enhancement of production capacity in India, and restructuring of the domestic manufacturing system. In the marine products business, investments of ¥11.4 billion were made for new products, research and development,

and restructuring of the domestic manufacturing system. In the power products business, investments of ¥6.2 billion were made for the factors such as new products of ROVs. In the industrial machinery and robots business, investments of ¥0.7 billion were made for new products and research and development. In other products business, investments of ¥6.2 billion were made for factors such as automobile engine production facilities, research and development of smart power vehicles.

**Cash Dividends**

Recognizing that shareholders' interests represent one of the Company's highest management priorities, the Company has been striving to meet shareholder expectations by working to maximize its corporate value.

Under the current MTP, the Company aims to provide shareholder returns through comprehensive consideration of the business environment, including business performance, retained earnings, and a balance between aggressive growth investments and stock dividends and loan repayments, while maintaining a minimum dividend payout ratio of 20% of consolidated net income.

The Company decided to pay a year-end dividend of ¥25.50 per share for fiscal 2014. Added to the interim dividend (¥14.50 per share), this gave a total dividend for the year of ¥40 per share.

**Fund Procurement Conditions**

Group companies acquire short-term loans payable denominated in local currencies to use as working capital. Meanwhile, funds for plant and equipment investment come primarily from internal reserves, including paid-in capital and retained earnings.

The annual amounts of interest-bearing debt to be repaid are as follows:

	Total	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Short-term loans payable	125.9	125.9	—	—	—	—	—
Long-term loans payable	277.7	97.3	40.1	50.0	46.3	40.0	4.0

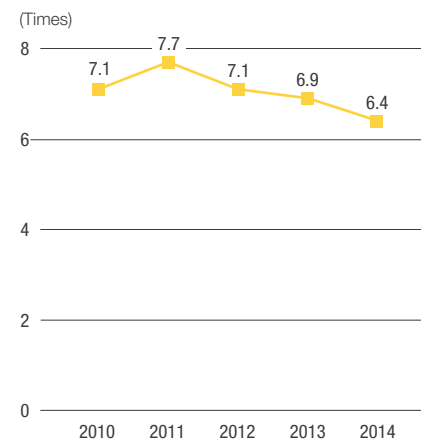
**Note** Long-term loans payable includes current portion of long-term loans payable.

**Share Performance**

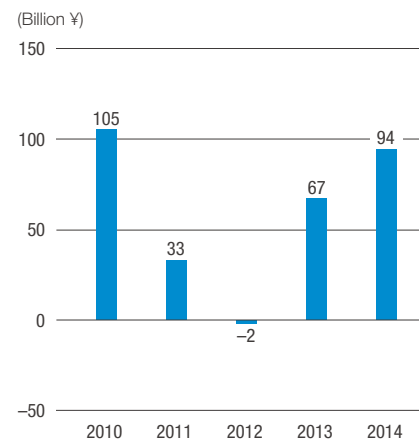
Price per share increased from ¥1,577 at December 31, 2013 to ¥2,442 at December 31, 2014. The number of shares outstanding, excluding treasury stock, increased from 349,134,628 shares at December 31, 2013 to 349,174,408 shares at December 31, 2014.

As a result, the market capitalization of the Company increased from ¥550.6 billion at December 31, 2013 to ¥852.7 billion at December 31, 2014.

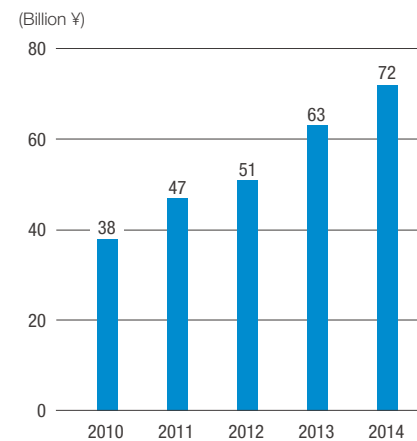
**Account receivable turnover**



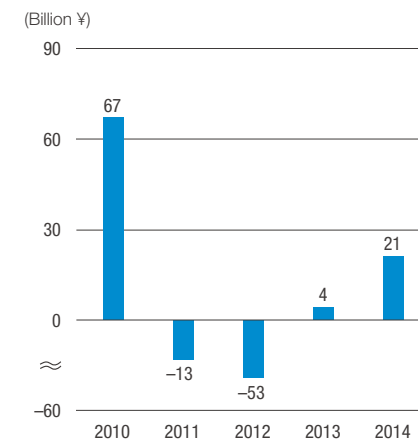
**Cash provided by (used in) operating activities**



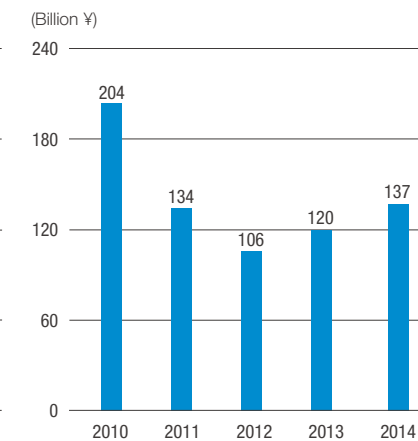
**Cash used in investing activities**



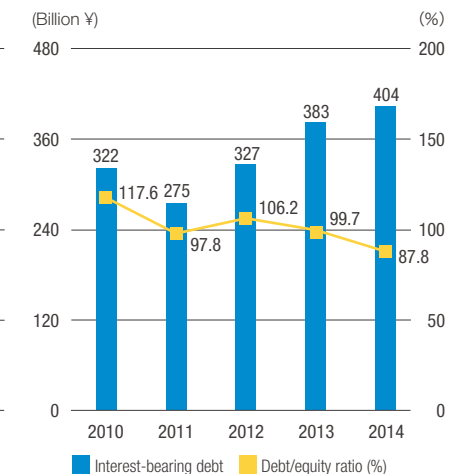
**Free cash flows**



**Cash and cash equivalents at the end of the year**



**Interest-bearing debt and debt/equity ratio**





**Forecast for Fiscal 2015**

The Company forecasts continued sales and profit increases in all business segments for its consolidated financial results for fiscal 2015, the final year of the current MTP.

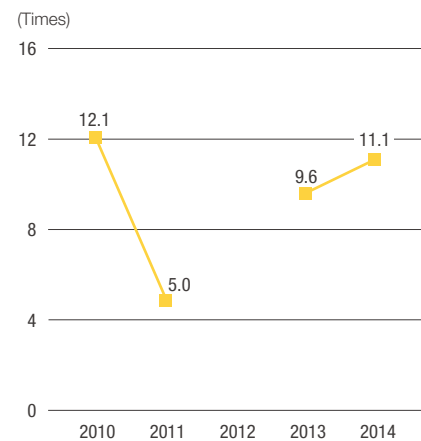
The Company will expand the lineup of global models and other product lines and proceed with further market rollouts of high-priced products in the motorcycle business, expand the motor product lineup, shift to high-priced products, implement a hull strategy in the marine products business, and expand the ROV product lineup and other product lines in the power products business, forecasting higher sales in all business segments.

The Company forecasts profit increases in all businesses to result from factors including higher sales and the impact of cost reductions. The Company forecasts an operating income ratio approaching the 5% level in the motorcycle business on profitability in developed countries and profit improvement in emerging markets, and an operating income ratio expected 20% level in the marine products business to result from higher sales of high-priced products and cost reductions.

Under the current MTP, the Company has improved its profit structure and financial position. As a result, in fiscal 2015, the Company forecasts earnings approaching record-high levels and shareholders' equity exceeding ¥500.0 billion and income per share above ¥200, and expects to maintain ROE of 15%. In this way, in fiscal 2015, the Company aims to restore earnings and the financial position to the level before the financial crisis (fiscal 2007).

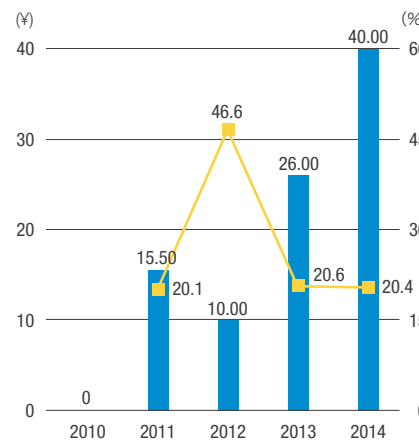
The forecast is based on the assumption that the exchange rates are ¥115 against the U.S. dollar (a depreciation of ¥9 from fiscal 2014) and ¥130 against the euro (an appreciation of ¥10 from fiscal 2014).

**Interest coverage**



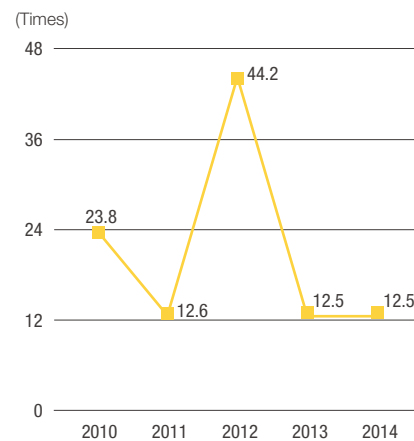
**Note** Interest coverage for fiscal 2012 is not listed, due to the negative status of cash flow from operating activities during the period.

**Cash dividends per share and payout ratio**



**Note** The payout ratio for fiscal 2010 is not listed, since the Company did not pay out any dividends.

**Price/earnings ratio**



**Investor Information**

As of December 31, 2014

**Yamaha Motor Co., Ltd.**

**Headquarters**

2500 Shingai, Iwata, Shizuoka 438-8501, Japan  
Telephone: +81-538-37-0134  
Facsimile: +81-538-37-4250

**Date of Establishment**

July 1, 1955

**Major Consolidated Subsidiaries**

Yamaha Motorcycle Sales Japan Co., Ltd.  
Yamaha Motor Powered Products Co., Ltd.  
Yamaha Motor Corporation, U.S.A.  
Yamaha Motor Manufacturing Corporation of America  
Yamaha Motor Europe N.V.  
PT. Yamaha Indonesia Motor Manufacturing  
Thai Yamaha Motor Co., Ltd.  
Yamaha Motor Vietnam Co., Ltd.  
Yamaha Motor Taiwan Co., Ltd.  
India Yamaha Motor Pvt. Ltd.  
Yamaha Motor do Brasil Ltda.

**Capital Stock**

Authorized: 900,000,000 shares  
Issued: 349,847,184 shares  
Number of Shareholders: 30,416

**Principal Shareholders**

Yamaha Corporation	12.18%
State Street Bank & Trust Company	9.93
The Master Trust Bank of Japan, Ltd. (trust account)	4.74
Toyota Motor Corporation	3.57
Japan Trustee Services Bank, Ltd. (trust account)	3.54
Mizuho Bank, Ltd.	3.38
Mitsui & Co., Ltd.	2.45
The Shizuoka Bank, Ltd.	1.95
Japan Trustee Services Bank, Ltd. (trust account 9)	1.53
Yamaha Motor Employee Shareholding Association	1.02

**Annual Meeting of Shareholders**

The Ordinary General Meeting of Shareholders is held in March each year in Iwata, Shizuoka, Japan.

**Securities Exchange**

Tokyo Stock Exchange, Inc.

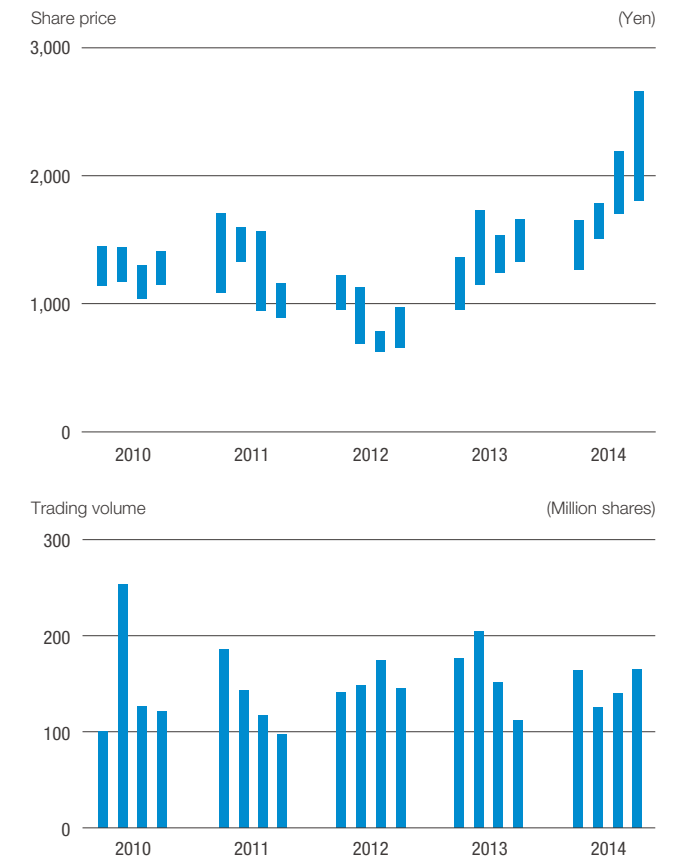
**Transfer Agent for Capital Stock**

Sumitomo Mitsui Trust Bank, Limited  
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

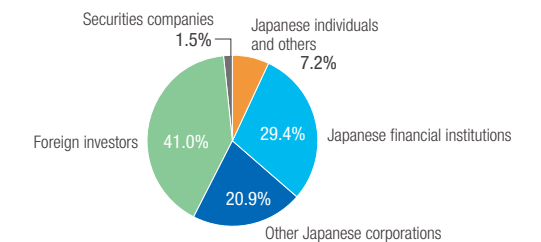
**Auditor**

Ernst & Young ShinNihon LLC

**Yamaha Motor's Share Price and Trading Volume on the Tokyo Stock Exchange**



**Shareholder Composition**



For further information, please contact:  
Yamaha Motor Co., Ltd.  
IR/SR Group, Corporate Communication Division  
2500 Shingai, Iwata, Shizuoka 438-8501, Japan  
Telephone: +81-538-37-0134  
Facsimile: +81-538-37-4250  
<http://global.yamaha-motor.com/ir/>

You are also invited to review the Fact Book and Financial Data on Yamaha Motor's website at <http://global.yamaha-motor.com/>





YAMAHA MOTOR CO., LTD.

2500 SHINGAI, IWATA, SHIZUOKA, JAPAN

[www.yamaha-motor.co.jp](http://www.yamaha-motor.co.jp)

